

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 13, 2026
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 Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green
**ABSENT/
EXCUSED:** None

Co-Chair Tanner (14) called the meeting to order at 8:08 a.m.

Mr. Christopher Lehosit, Senior Analyst, LSO Budget & Policy, reviewed updated revenue projections for the General Fund. He noted the recently enacted **H 559** reduced FY 2026 state revenues by \$155M. Mr. Lehosit also reviewed cash transfer actions taken by the Legislature, reducing total transfers to \$178.2M and resulting in updated FY 2026 net revenues of \$5.69B. He added **H 559** would also impact FY 2027 revenues by \$175M.

Mr. Keith Bybee, Division Manager, LSO Budget & Policy Analysis, reviewed statewide decisions taken the previous week. He highlighted the additional 2% base reduction. He reminded the committee the successful motion had specifically excluded Public School Support, Division of Medicaid, Idaho Department of Correction, and the Idaho State Police budgets from the reductions. There were two additional agencies without base budget reductions: Health Education Programs and Secretary of State. He noted the Secretary of State provided cash transfers as an alternative to ongoing rescissions in its base budget. Mr. Bybee clarified for the record the numbers approved previously included these two additional budget adjustments.

Mr. Bybee provided further explanation of the calculations behind the statewide decision on personnel benefit cost increases.

**UNANIMOUS
CONSENT
REQUEST:** **Rep. Harris requested** and it was granted by unanimous consent, to clarify the motion below regarding health insurance as adjusted for the agency's specific rate of personnel costs spent on personnel.

This motion adopted the recommendation for funding an amount for an agency specific ~~filled rate~~ rate of personnel costs spent on personnel recommended for agencies with 125.00 FTP or more and funding the full amount recommended for health insurance and other variable rate changes by agency, which result in increases of approximately \$62,041,100 from the General Fund, \$14,058,500 from dedicated funds, and \$4,983,000 from federal funds, for a total increase of \$81,082,600.

Mr. Bybee presented the FY 2027 program maintenance budget for the Legislative Branch. This budget included the Legislative Services Office, Legislative Technology Office and the Office of Performance Evaluations. He pointed out the program maintenance base budget included an adjustment of \$400K to account for new LSO auditor fees, the ongoing base reduction, benefit costs, and the statewide cost allocation.

MOTION: **Rep. Bruce** made a motion, seconded by **Sen. Carlson**, to begin with the FY 2027 base and include \$171,900 for benefit costs and an additional \$20,400 for statewide cost allocation. This motion included, for FY 2027, \$10,033,300 from the General Fund and \$3,055,800 from dedicated funds, for a total of \$13,089,100. There was no cap on full-time equivalent positions.

Committee members expressed opposition to and support for the program maintenance and enhancement budget process.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 15 AYES, 5 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Woodward, Cook, Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Green.**

Mr. Bybee presented the sections of language associated with the Legislative Branch FY 2027 program maintenance budget.

UNANIMOUS CONSENT REQUEST: **Rep. Bruce** requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE: SECTION 1. There is hereby appropriated to the Legislative Branch the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. EXEMPTIONS FROM EXPENSE CLASS TRANSFER LIMITATIONS. The Legislative Services Office and Office of Performance Evaluations are hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes for all moneys appropriated to them for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 3. REAPPROPRIATION AUTHORITY FOR THE ARPA STATE FISCAL RECOVERY FUND. There is hereby reappropriated to the Legislative Technology Program any unexpended and unencumbered balances appropriated or reappropriated to the Legislative Technology Program from the ARPA State Fiscal Recovery Fund for fiscal year 2027, to be used for nonrecurring expenditures, for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 4. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 5. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Mr. Noah Peterson, Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for Public Safety. This budget included the following agencies: Idaho Department of Correction, Idaho Department of Juvenile Corrections, Idaho State Police, Peace Officers Standards and Training (POST) Academy, Brand Inspection, and the Racing Commission.

ORIGINAL MOTION:

Sen. Carlson made a motion, seconded by **Rep. Mitchell**, to begin with the FY 2027 base and include \$5,813,000 for benefit costs, \$437,400 for contract inflation, and \$2,147,100 for statewide cost allocation. This motion included \$473,196,000 from the General Fund, \$74,841,100 from dedicated funds, and \$18,585,000 from federal funds, for a total of \$566,622,100, and capped full-time equivalent positions at 3,296.44.

Sen. Wintrow expressed her opposition to the motion due to the proposed staffing cuts for the Department of Juvenile Corrections. She noted the reductions could put the State in conflict with federal staff-to-child ratio requirements, potentially leading to legal action.

SUBSTITUTE MOTION:

Sen. Woodward made a substitute motion, to begin with the FY 2027 base and include \$5,813,000 for benefit costs, \$437,400 for contract inflation, and \$2,147,100 for statewide cost allocation, in addition to \$10,000,000 for the Idaho State Patrol division for trooper pay. This motion included \$483,196,000 from the General Fund, \$74,841,100 from dedicated funds, and \$18,585,000 from federal funds, for a total of \$576,622,100, and capped full-time equivalent positions at 3,296.44.

Co-Chair Tanner (14) ruled the substitute motion out of order, noting JFAC had already acted on those base budget numbers in a prior committee meeting. He explained these additional proposals would be addressed through the enhancement budget process.

In response to committee questions, **Mr. Bybee** explained JFAC acted previously on statewide decisions used to prepare the maintenance budgets. The actions included agency-specific base reductions and statewide adjustments for benefit costs, contract inflation, statewide cost allocation, and Change in Employee Compensation (CEC) for the Military Division. Dedicated fund agencies such as the Department of Fish & Game and the Idaho Transportation Department were excluded.

Mr. Bybee further explained the committee also approved the Rescissions Act, which will move forward as a separate bill for FY 2026. The statewide decisions provided direction to LSO Budget & Policy staff for developing the FY 2027 maintenance budgets and will also become a bill. The earlier vote directed staff on budget preparation; the current vote approved the budget amounts and accompanying language. The actions were not in conflict.

ROLL CALL VOTE ON ORIGINAL MOTION:

Motion carried by a total vote of 17 AYES, 3 NAYS, 0 ABSENT/EXCUSED. **Senators voting in favor** of the motion: **Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway.** **Senators voting in opposition** to the motion: **Ward-Engelking, Wintrow.** **Representatives voting in favor** of the motion: **Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris.** **Representatives voting in opposition** to the motion: **Green.**

Mr. Peterson presented the sections of language associated with the Public Safety FY 2027 program maintenance budget.

UNANIMOUS CONSENT REQUEST:

Sen. Carlson requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE: SECTION 1. There is hereby appropriated to Public Safety the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the departments in Public Safety is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

Department of Correction ___
Department of Juvenile Corrections ___
Idaho State Police ___

SECTION 3. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS—DEPARTMENT OF CORRECTION. The Department of Correction is hereby exempted from the provisions of Section 67-3511(2), Idaho Code, allowing unlimited transfers between programs for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027; provided, however, moneys appropriated to the County and Out-of-State Placement Program and the Medical Services Program may only be transferred between said programs. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 4. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies that are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 5. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 6. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Ms. Janet Jessup, Principal Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for Natural Resources. This budget included the following agencies: Department of Environmental Quality; Department of Fish & Game; Department of Lands; Endowment Investment Board; Department of Parks & Recreation; and the Department of Water Resources.

Ms. Jessup indicated this program maintenance budget was inclusive of the rescissions decided for FY 2026; the ongoing FY 2027 base reduction; and in addition, as part of the agency's reduction response, two FTP in the Department of Water Resources were moved to dedicated funds as part of the base adjustment.

MOTION: **Sen. Zuiderveld** made a motion, seconded by **Rep. Miller**, to begin with the FY 2027 base and include \$3,013,400 for benefit costs, \$229,600 for contract inflation, and \$780,600 for statewide cost allocation. This motion included, for FY 2027, \$98,256,600 from the General Fund, \$205,584,800 from dedicated funds, and \$180,706,200 from federal funds, for a total of \$484,547,600, and capped full-time equivalent positions at 1,630.73.

Sen. Wintrow stated her opposition to the motion due to the harm the staffing cuts would cause.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 14 AYES, 6 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor** of the motion: **Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition** to the motion: **Woodward, Cook, Ward-Engelking, Wintrow. Representatives voting in favor** of the motion: **Tanner (14), Miller, Furniss, Manwaring, Mitchell, Price, Bruce, Harris. Representatives voting in opposition** to the motion: **Petzke, Green.**

Ms. Jessup presented the sections of language associated with the Natural Resources FY 2027 program maintenance budget.

UNANIMOUS CONSENT REQUEST: **Sen. Zuiderveld** requested and it was granted by unanimous consent, to adopt the following standard maintenance language for Natural Resources:

LANGUAGE: SECTION 1. There is hereby appropriated to the programs listed in Natural Resources the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION FOR FISCAL YEAR 2027. In accordance with Section 67-3519, Idaho Code, each of the programs in Department of Water Resources is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

Department of Environmental Quality ___
Department of Fish and Game ___
Endowment Fund Investment Board ___
Department of Lands ___
Department of Parks and Recreation ___
Department of Water Resources ___

SECTION 3. REMEDIATION PROJECT REPORTING REQUIREMENTS. Moneys deposited into the Environmental Remediation (Basin) Fund shall be used for remediation of the Coeur d'Alene Basin in accordance with the Superfund contract with the Environmental Protection Agency. The Department of Environmental Quality shall submit an annual report to the Governor, the Legislature, and the Basin Environmental Improvement Project Commission on the remediation progress and the expenditures involved.

SECTION 4. CASH TRANSFER FOR WASTE REMEDIATION. There is hereby appropriated to the Department of Environmental Quality and the Office of the State Controller shall transfer \$1,500,000 from the Water Pollution Control Fund to the Environmental Remediation (Basin) Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to be used for Superfund cleanup projects in the Coeur d'Alene Basin.

SECTION 5. CASH TRANSFER FOR AGRICULTURAL BEST MANAGEMENT PRACTICES FUND. There is hereby appropriated to the Department of Environmental Quality and the Office of the State Controller shall transfer \$279,000 from the Water Pollution Control Fund to the Agricultural Best Management Practices (BMP) Fund on July 1, 2025, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027.

SECTION 6. USES OF THE WATER POLLUTION CONTROL FUND. The appropriation of moneys from the Water Pollution Control Fund in this act for the Department of Environmental Quality shall specifically supersede the provisions of Section 39-3630, Idaho Code.

SECTION 7. REAPPROPRIATION AUTHORITY FOR THE ARPA STATE FISCAL RECOVERY FUND. There is hereby reappropriated to the Department of Environmental Quality any unexpended and unencumbered balances appropriated to the Department of Environmental Quality from the ARPA State Fiscal Recovery Fund for water infrastructure and remediation projects for fiscal year 2026 from the ARPA State Fiscal Recovery Fund, to be used for nonrecurring expenditures related to water infrastructure and remediation projects for the period of July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 8. USES OF ARPA STATE FISCAL RECOVERY FUND. It is the intent of the Legislature to provide no more than \$325,000,000 of American Rescue Plan Act (ARPA) funding to support construction of drinking water and wastewater projects. Moneys shall be appropriated from the ARPA State Fiscal Recovery Fund for this purpose. The Department of Environmental Quality may use the ARPA State Fiscal Recovery Fund to fund all eligible planning grant requests received consistent with existing processes. The Department of Environmental Quality shall provide ARPA funding in the form of grants for construction of drinking water and wastewater projects using a tiered approach that provides the highest level of grant funding to systems with the greatest level of need but least ability to pay, as determined by factors including size of system (smaller systems rank higher), monthly user rates, median income, and readiness to proceed. The Department of Environmental Quality may consider all projects meeting the intended criteria where costs were incurred after March 3, 2021, and where construction will be completed prior to December 31, 2026. This includes funding cost overruns for existing state revolving loan-funded projects currently under construction if they are due to factors such as increased labor and material costs. The Department of Environmental Quality shall provide a written update of recipients to germane legislative committees upon approval by the Board of Environmental Quality. The Department of Environmental Quality shall submit a report to the Governor and the Legislature detailing progress and expenditures by January 12, 2027.

SECTION 9. CONTINUOUS APPROPRIATION—ENDOWMENT FUND INVESTMENT BOARD. The Endowment Fund Investment Board is hereby granted continuous appropriation authority for consulting fees, custodial fees, investment manager fees, and other portfolio-related external costs for the period July 1, 2026, through June 30, 2027.

SECTION 10. TRANSFERS FROM EARNINGS RESERVE

FUNDS—ENDOWMENT FUND INVESTMENT BOARD. For fiscal year 2027, it is hereby appropriated and the Endowment Fund Investment Board shall transfer \$117,278,400 as follows: \$72,366,000 from the Public School Earnings Reserve Fund to the Public School Income Fund; \$2,222,400 from the Agricultural College Earnings Reserve Fund to the Agricultural College Endowment Income Fund; \$8,113,160 from the Charitable Institutions Earnings Reserve Fund to the Charitable Institutions Endowment Income Fund; \$8,494,800 from the Normal School Earnings Reserve Fund to the Normal School Endowment Income Fund; \$3,585,600 from the Penitentiary Earnings Reserve Fund to the Penitentiary Endowment Income Fund; \$7,465,200 from the Scientific School Earnings Reserve Fund to the Scientific School Endowment Income Fund; \$7,776,000 from the Mental Hospital Earnings Reserve Fund to the Mental Hospital Endowment Income Fund; and \$7,255,200 from the University Earnings Reserve Fund to the University Endowment Income Fund.

SECTION 11. EXEMPTIONS FROM EXPENSE CLASS TRANSFER

LIMITATIONS—DEPARTMENT OF LANDS. The Department of Lands is hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes for all moneys appropriated to the Forest and Range Fire Protection Program for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 12. REAPPROPRIATION AUTHORITY FOR THE CAPITAL DEVELOPMENT PROGRAM—DEPARTMENT OF PARKS AND RECREATION.

There is hereby reappropriated to the Department of Parks and Recreation any unexpended and unencumbered balances appropriated or reappropriated to the Department of Parks and Recreation for the Capital Development Program for fiscal year 2026 to be used for nonrecurring expenditures in the Capital Development Program for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 13. EXEMPTIONS FROM EXPENSE CLASS TRANSFER LIMITATIONS—DEPARTMENT OF PARKS AND RECREATION.

Notwithstanding the provisions of Section 67-3511(2), Idaho Code, trustee and benefit payments appropriated to the Department of Parks and Recreation for grants in the Operations Program may be transferred to capital outlay in the Capital Development Program to reflect grants awarded to the Department of Parks and Recreation for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 14. CASH TRANSFER FOR AQUIFER

MANAGEMENT—DEPARTMENT OF WATER RESOURCES. Of the amount appropriated to the Department of Water Resources in Section 1 of this act for the Planning and Technical Services Program from the General Fund, the Office of the State Controller shall transfer \$5,000,000 to the Secondary Aquifer Planning, Management, and Implementation Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to be used for aquifer recharge and management.

SECTION 15. CASH TRANSFER FOR THE FLOOD MANAGEMENT PROGRAM—DEPARTMENT OF WATER RESOURCES. Of the amount appropriated to the Department of Water Resources in Section 1 of this act for the Planning and Technical Services Program from the General Fund, the Office of the State Controller shall transfer \$1,000,000 to the Water Management Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to be used for hydrologic data collection, monitoring and modeling, flood-damaged stream channel repair, stream channel improvement, flood risk reduction, or flood prevention projects. These moneys shall be administered by the Idaho Water Resource Board through a competitive, matching grant process that prioritizes projects based on the public benefits they provide.

SECTION 16. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies that are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 17. CONDITIONS, LIMITATIONS, AND RESTRICTIONS.

Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 18. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Zuiderveld requested and it was granted by unanimous consent, to adopt the following non-standard maintenance language for the Department of Environmental Quality:

LANGUAGE:

Notwithstanding the provisions of Idaho Code, and any other provision of law to the contrary, the director of the Department of Environmental Quality is prohibited from reducing the allocation of General Funds provided to the North Idaho Lakes Commission and the Bear Lake Regional Commission for fiscal year 2027.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Zuiderveld requested and it was granted by unanimous consent, to adopt the following non-standard maintenance language for the Department of Water Resources:

LANGUAGE:

CASH TRANSFER FOR WATER PROJECTS—DEPARTMENT OF WATER RESOURCES. There is hereby appropriated to the Department of Water Resources and the Office of the State Controller shall transfer \$30,000,000 from the General Fund to the Water Management Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to be used for water projects.

WATER MANAGEMENT FUND PROJECTS. Of the amount appropriated in Section 1 of this act, \$30,000,000 shall be used for water projects pursuant to the following criteria:

(1) The Water Resource Board shall use the funds for planning, construction, rehabilitation, reconstruction, and improvement of water infrastructure throughout the state. Projects shall prioritize:

- a) Aquifer recharge, ground water management, and other projects aimed at sustaining aquifer health and long-term water availability;
- b) Development and rehabilitation of water storage and conveyance systems, including reservoirs, diversion structures, pipelines, and canals;
- c) Water supply and delivery improvements that enhance efficiency and conservation; and
- d) Emergency water infrastructure repairs and upgrades to ensure the resilience of vital water systems.

(2) Of the moneys appropriated in a single year, no more than fifty percent (50%) of the funds appropriated in this section may be used within a single board district, as defined in section 42-1732, Idaho Code, unless there are no competing funding applications for water infrastructure projects in other districts for the current fiscal year.

(3) The Department of Water Resources shall provide a report to the Joint Finance-Appropriations Committee, to the relevant germane legislative committees, and to the Budget and Policy Analysis Division of the Legislative Services Office no later than December 5, 2026. This report shall include information required in Section 42-1760(3), Idaho Code, in a format determined in consultation with the Budget and Policy Analysis Division of the Legislative Services Office.

Ms. Alex Williamson, Senior Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for Health & Human Services. The budget included the following agencies: Idaho Department of Health & Welfare (DHW) and State Independent Living Council. The following divisions were included in the DHW budget: Youth Safety and Permanency, Early Learning and Development, Family and Community Partnerships, Division of Welfare, Medicaid, Public Health Services, Indirect Support Services, Licensing and Certification, Substance Abuse Treatment and Prevention, Mental Health Services, Psychiatric Hospitalization, Domestic Violence Council, and the Development Disabilities Council.

Ms. Williamson noted this FY 2027 program maintenance base budget included the FY 2027 ongoing 3% holdback recommended by the Governor, plus the additional 2% reduction approved by JFAC. She indicated the additional 2% reduction did not apply to the Division of Medicaid.

MOTION:

Sen. Bjerke made a motion, seconded by **Rep. Bruce**, to begin with the FY 2027 base and include \$5,279,700 for benefit costs, \$2,661,300 for contract inflation, and \$1,573,800 for statewide cost allocation. This motion included, for FY 2027, \$1,182,337,000 from the General Fund, \$882,895,100 from dedicated funds, and \$3,662,903,100 from federal funds, for a total of \$5,728,135,200, and capped full-time equivalent positions at 2,942.77.

Sen. Bjerke stated this budget represented the largest in the state, totaling more than \$5.7B. He expressed his intent to partner with the workgroup to restore funding where possible.

Sen. Wintrow stated her opposition to the motion, citing examples of program cuts.

Sen. Cook expressed concern DHW would address the budget reductions by deferring HVAC system maintenance.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 12 AYES, 8 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Woodward, Cook, Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Furniss, Petzke, Manwaring, Green.

Ms. Williamson presented the sections of standard Conditions, Limitations, and Restrictions (CLR) language associated with the Health & Human Services FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Bjerke requested unanimous consent to adopt the following language:

LANGUAGE:

SECTION 1. There is hereby appropriated to Health and Human Services the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the programs in Health and Human Services listed below is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

- Youth Safety and Permanency __
- Early Learning and Development __
- Idaho Child Care Program __
- Southwest Idaho Treatment Center __
- Family and Community Partnerships __
- Division of Welfare __
- Division of Medicaid __
- Public Health Services __
- Indirect Support Services __
- Licensing and Certification __
- Substance Abuse and Treatment Prevention __
- Children’s Mental Health __
- Adult Mental Health __
- State Hospital North __
- State Hospital South __
- State Hospital West __
- Developmental Disabilities Council __
- Domestic Violence Council __
- State Independent Living Council __

SECTION 3. GENERAL FUND TRANSFERS. As appropriated, the Office of the State Controller shall periodically make transfers from the General Fund to the Cooperative Welfare Fund as requested by the director of the Department of Health and Welfare and approved by the Board of Examiners.

SECTION 4. TRUSTEE AND BENEFIT PAYMENTS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funds appropriated in the trustee and benefit payments expense class shall not be transferred to any other expense classes during fiscal year 2027.

SECTION 5. PROGRAM INTEGRITY. Notwithstanding any other provision of law to the contrary, the Department of Health and Welfare shall be required to provide those services authorized or mandated by law in each program, only to the extent of funding and available resources appropriated for each budgeted program.

SECTION 6. EDUCATIONAL NEEDS. The Department of Health and Welfare shall be responsible for the educational needs of school-age children placed in its custody by the Judicial Branch for either child protective issues or mental health issues. If the department places a child in a licensed residential treatment facility that includes a non-public accredited school and it is determined by the department that it is in the best interests of the child to be educated at the residential treatment facility, then it is the responsibility of the department to pay for such education per student, per educational day. Other Idaho state agencies shall not be precluded from exercising their responsibility to ensure a free and appropriate education for these students within the requirements of federal disability law. The fiscal impact of this section is included within existing department base appropriations.

SECTION 7. CHILD ABUSE PROTECTION TREATMENT ACT FUNDS. Of the amount appropriated in Section 1 of this act from the Cooperative Welfare (Federal) Fund, a minimum of \$42,000 of federal Child Abuse Protection Treatment Act (CAPTA) funds appropriated to the Department of Health and Welfare shall be provided to the public health districts each year. Funds for each public health district shall be distributed at one-seventh (1/7) of the total amount, which shall be used for the citizen review panels pursuant to Section 16-1647, Idaho Code.

SECTION 8. MEDICAID TRACKING REPORT. The Department of Health and Welfare's Division of Medicaid and Division of Indirect Support Services shall deliver a report that compares the Medicaid appropriation, distributed by month for the year, to the actual expenditures and remaining forecasted expenditures for the year on a monthly basis to the Legislative Services Office and the Division of Financial Management. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report and the information included therein shall be determined by the Legislative Services Office and the Division of Financial Management.

SECTION 9. TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funding provided for the trustee and benefit payments expense class in the Department of Health and Welfare's Division of Medicaid may be transferred in excess of ten percent (10%) among the Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, Expansion Medicaid Plan, and the Medicaid Administration and Medical Management Programs, but shall not be transferred to any other budgeted program or expense class within the Department of Health and Welfare during fiscal year 2027.

SECTION 10. MEDICAID MANAGED CARE IMPLEMENTATION. The Department of Health and Welfare's Division of Medicaid shall provide a report to the Legislative Services Office and the Division of Financial Management on progress in integrating managed care approaches into the state Medicaid system. The format of the report and information contained therein shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 1, 2026.

SECTION 11. COST-SHARING REQUIREMENT. The Department of Health and Welfare shall implement cost-sharing in the Division of Medicaid, as required by Section 56-257, Idaho Code, to the maximum extent that is federally allowable for the expanded population of children whose families' gross taxable income exceeds one hundred eighty-five percent (185%) but does not exceed three hundred percent (300%) of the federal poverty limit (FPL), for Medicaid-eligible services as identified in House Bill No. 43, as enacted by the First Regular Session of the Sixty-fourth Idaho Legislature.

SECTION 12. CASH TRANSFER. Of the amount appropriated in Section 1 of this act from the Cooperative Welfare (General) Fund, there is hereby appropriated and the Office of the State Controller shall transfer \$640,000 from the Cooperative Welfare (General) Fund to the Rural Physician Incentive Fund on July 1, 2026, or as soon thereafter as practicable, for the Department of Health and Welfare for the period July 1, 2026, through June 30, 2027.

SECTION 13. SMOKING CESSATION. Of the amount appropriated in Section 1 of this act, \$2,100,000 from the Idaho Millennium Income Fund shall be distributed to the public health districts for the purpose of prevention and cessation programs for tobacco, vape, and other substances as funds allow. These moneys shall be distributed to each district based on the approved formula of the board of trustees of the Idaho district boards of health as provided in Section 39-411(6), Idaho Code.

SECTION 14. PROJECT FILTER ALLOWABLE USES. Of the amount appropriated in Section 1 of this act, \$2,406,000 from the Idaho Millennium Income Fund shall be expended for the purposes of prevention and cessation programs from tobacco, vape, and other substances as funds allow. No moneys for Project Filter from the Idaho Millennium Income Fund shall be used for sponsorships or passive advertising.

SECTION 15. REPORTS ON FACILITY LICENSING AND CERTIFICATIONS. The Department of Health and Welfare's Licensing and Certification Program shall provide biannual reports to the Legislative Services Office Budget and Policy Analysis Division and the Division of Financial Management on the status of facility licensing and certifications as well as staff workload and caseload issues. The format of the report and the type of information included therein shall be determined by the Legislative Services Office and the Division of Financial Management. The first report shall be submitted no later than December 31, 2026, and the second report shall be submitted no later than June 30, 2027.

SECTION 16. LIMITING TRANSFER OF LEGISLATIVE APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, Cooperative Welfare (General) Fund moneys appropriated to the Department of Health and Welfare's Divisions of Mental Health Services and Psychiatric Hospitalization may be transferred between divisions but shall not be transferred to any other division or program within the Department of Health and Welfare without legislative approval.

SECTION 17. BEHAVIORAL HEALTH COMMUNITY CRISIS CENTERS. The seven behavioral health community crisis centers shall submit records that indicate the levels of funding support by fund source. The format of the report and the information included therein shall be determined by the Legislative Services Office Budget and Policy Analysis Division. The contents of these reports shall aid in providing a clearer understanding of the financial situations of the behavioral health community crisis centers. These reports shall be submitted by the Department of Health and Welfare to the Legislative Services Office Budget and Policy Analysis Division no later than December 31, 2026.

SECTION 18. DIRECTING USE OF THE STATE OPIOID RESPONSE GRANT. Funds available for naloxone shall be available only to first responders for distribution in the state of Idaho.

SECTION 19. DIRECTING USES OF THE IDAHO MILLENNIUM INCOME FUND. Of the funds appropriated from the Idaho Millennium Income Fund in Section 1 of this act, \$250,000 shall be used by Idaho Drug Free Youth to support its various programs, including its annual youth summit, program chapters, and drug free school coordinators. Idaho Drug Free Youth shall provide to the Department of Health and Welfare a document that demonstrates operational and fiscal accountability for the supported programs. Idaho Drug Free Youth shall work collaboratively with the Department of Health and Welfare and shall sign an attestation letter or equivalent document that ensures funds will be used in accordance with this section, with Section 10 of this act, and with any other applicable rule or law and accounted for using generally accepted accounting principles.

SECTION 20. IDAHO DRUG FREE YOUTH OVERSIGHT.

(1) The Department of Health and Welfare shall provide oversight for the funds provided in Section 9 of this act for Idaho Drug Free Youth. The Department of Health and Welfare shall:

(a) Provide four distributions of \$62,500 for a total distribution of \$250,000. Distributions shall occur no later than July 15, 2026, October 15, 2026, January 15, 2027, and April 15, 2027;

(b) Receive and compile two reports from Idaho Drug Free Youth and transmit each report to the Budget and Policy Analysis Division of the Legislative Services Office on behalf of the Joint Millennium Fund Committee by December 30, 2026, and by June 30, 2027, or as soon thereafter as is practicable. The format of the report and the content therein shall be determined by the Budget and Policy Analysis Division of the Legislative Services Office;

(c) Withhold or recover distributions pursuant to paragraph (a) of this subsection if Idaho Drug Free Youth is not operating or has indicated it intends to no longer operate prior to the close of the fiscal year, if it does not provide any of the required reports, or otherwise as needed to address legal or fiscal concerns of funds provided to Idaho Drug Free Youth; and

(d) Assist Idaho Drug Free Youth, as needed, to ensure services are being provided as intended by this act and to meet the needs of program participants.

(2) The Department of Health and Welfare shall not have the authority to directly manage Idaho Drug Free Youth or direct Idaho Drug Free Youth to perform functions not required in this section, Section 1, or Section 9 of this act. The Department of Health and Welfare shall assist Idaho Drug Free Youth to ensure funds are used in accordance with this act. If the Department of Health and Welfare has reason to believe funds are misused in violation of this section, Section 1, or Section 9 of this act, or any rule or law, the Department of Health and Welfare may withhold funds until Idaho Drug Free Youth is in compliance with this act and applicable law. The Department of Health and Welfare shall immediately notify the Budget and Policy Analysis Division of the Legislative Services Office on behalf of the Joint Millennium Fund Committee of any misused or perceived misuse of funds. The Department of Health and Welfare shall work collaboratively with Idaho Drug Free Youth to develop an appropriate corrective action plan.

SECTION 21. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. The Community Hospitalization Program is hereby exempted from the provisions of Section 67-3511(2), Idaho Code, allowing unlimited transfers into the Community Hospitalization Program from other programs within the Department of Health and Welfare for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027.

SECTION 22. TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511(4), Idaho Code, funding provided for the personnel costs expense class in each division shall not be transferred to any other expense class within the Department of Health and Welfare during fiscal year 2027.

SECTION 23. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies who are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 24. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 25. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Sen. Wintrow objected.

MOTION: **Sen. Bjerke** made a motion, seconded by **Sen. Carlson**, to adopt the following language:

LANGUAGE: SECTION 1. There is hereby appropriated to Health and Human Services the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the programs in Health and Human Services listed below is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

Youth Safety and Permanency ___
Early Learning and Development ___
Idaho Child Care Program ___
Southwest Idaho Treatment Center ___
Family and Community Partnerships ___
Division of Welfare ___
Division of Medicaid ___
Public Health Services ___
Indirect Support Services ___
Licensing and Certification ___
Substance Abuse and Treatment Prevention ___
Children's Mental Health ___
Adult Mental Health ___
State Hospital North ___
State Hospital South ___
State Hospital West ___
Developmental Disabilities Council ___
Domestic Violence Council ___
State Independent Living Council ___

SECTION 3. GENERAL FUND TRANSFERS. As appropriated, the Office of the State Controller shall periodically make transfers from the General Fund to the Cooperative Welfare Fund as requested by the director of the Department of Health and Welfare and approved by the Board of Examiners.

SECTION 4. TRUSTEE AND BENEFIT PAYMENTS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funds appropriated in the trustee and benefit payments expense class shall not be transferred to any other expense classes during fiscal year 2027.

SECTION 5. PROGRAM INTEGRITY. Notwithstanding any other provision of law to the contrary, the Department of Health and Welfare shall be required to provide those services authorized or mandated by law in each program, only to the extent of funding and available resources appropriated for each budgeted program.

SECTION 6. EDUCATIONAL NEEDS. The Department of Health and Welfare shall be responsible for the educational needs of school-age children placed in its custody by the Judicial Branch for either child protective issues or mental health issues. If the department places a child in a licensed residential treatment facility that includes a non-public accredited school and it is determined by the department that it is in the best interests of the child to be educated at the residential treatment facility, then it is the responsibility of the department to pay for such education per student, per educational day. Other Idaho state agencies shall not be precluded from exercising their responsibility to ensure a free and appropriate education for these students within the requirements of federal disability law. The fiscal impact of this section is included within existing department base appropriations.

SECTION 7. CHILD ABUSE PROTECTION TREATMENT ACT FUNDS. Of the amount appropriated in Section 1 of this act from the Cooperative Welfare (Federal) Fund, a minimum of \$42,000 of federal Child Abuse Protection Treatment Act (CAPTA) funds appropriated to the Department of Health and Welfare shall be provided to the public health districts each year. Funds for each public health district shall be distributed at one-seventh (1/7) of the total amount, which shall be used for the citizen review panels pursuant to Section 16-1647, Idaho Code.

SECTION 8. MEDICAID TRACKING REPORT. The Department of Health and Welfare's Division of Medicaid and Division of Indirect Support Services shall deliver a report that compares the Medicaid appropriation, distributed by month for the year, to the actual expenditures and remaining forecasted expenditures for the year on a monthly basis to the Legislative Services Office and the Division of Financial Management. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report and the information included therein shall be determined by the Legislative Services Office and the Division of Financial Management.

SECTION 9. TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, funding provided for the trustee and benefit payments expense class in the Department of Health and Welfare's Division of Medicaid may be transferred in excess of ten percent (10%) among the Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, Expansion Medicaid Plan, and the Medicaid Administration and Medical Management Programs, but shall not be transferred to any other budgeted program or expense class within the Department of Health and Welfare during fiscal year 2027.

SECTION 10. MEDICAID MANAGED CARE IMPLEMENTATION. The Department of Health and Welfare's Division of Medicaid shall provide a report to the Legislative Services Office and the Division of Financial Management on progress in integrating managed care approaches into the state Medicaid system. The format of the report and information contained therein shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 1, 2026.

SECTION 11. COST-SHARING REQUIREMENT. The Department of Health and Welfare shall implement cost-sharing in the Division of Medicaid, as required by Section 56-257, Idaho Code, to the maximum extent that is federally allowable for the expanded population of children whose families' gross taxable income exceeds one hundred eighty-five percent (185%) but does not exceed three hundred percent (300%) of the federal poverty limit (FPL), for Medicaid-eligible services as identified in House Bill No. 43, as enacted by the First Regular Session of the Sixty-fourth Idaho Legislature.

SECTION 12. CASH TRANSFER. Of the amount appropriated in Section 1 of this act from the Cooperative Welfare (General) Fund, there is hereby appropriated and the Office of the State Controller shall transfer \$640,000 from the Cooperative Welfare (General) Fund to the Rural Physician Incentive Fund on July 1, 2026, or as soon thereafter as practicable, for the Department of Health and Welfare for the period July 1, 2026, through June 30, 2027.

SECTION 13. SMOKING CESSATION. Of the amount appropriated in Section 1 of this act, \$2,100,000 from the Idaho Millennium Income Fund shall be distributed to the public health districts for the purpose of prevention and cessation programs for tobacco, vape, and other substances as funds allow. These moneys shall be distributed to each district based on the approved formula of the board of trustees of the Idaho district boards of health as provided in Section 39-411(6), Idaho Code.

SECTION 14. PROJECT FILTER ALLOWABLE USES. Of the amount appropriated in Section 1 of this act, \$2,406,000 from the Idaho Millennium Income Fund shall be expended for the purposes of prevention and cessation programs from tobacco, vape, and other substances as funds allow. No moneys for Project Filter from the Idaho Millennium Income Fund shall be used for sponsorships or passive advertising.

SECTION 15. REPORTS ON FACILITY LICENSING AND CERTIFICATIONS. The Department of Health and Welfare's Licensing and Certification Program shall provide biannual reports to the Legislative Services Office Budget and Policy Analysis Division and the Division of Financial Management on the status of facility licensing and certifications as well as staff workload and caseload issues. The format of the report and the type of information included therein shall be determined by the Legislative Services Office and the Division of Financial Management. The first report shall be submitted no later than December 31, 2026, and the second report shall be submitted no later than June 30, 2027.

SECTION 16. LIMITING TRANSFER OF LEGISLATIVE APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511, Idaho Code, Cooperative Welfare (General) Fund moneys appropriated to the Department of Health and Welfare's Divisions of Mental Health Services and Psychiatric Hospitalization may be transferred between divisions but shall not be transferred to any other division or program within the Department of Health and Welfare without legislative approval.

SECTION 17. BEHAVIORAL HEALTH COMMUNITY CRISIS CENTERS. The seven behavioral health community crisis centers shall submit records that indicate the levels of funding support by fund source. The format of the report and the information included therein shall be determined by the Legislative Services Office Budget and Policy Analysis Division. The contents of these reports shall aid in providing a clearer understanding of the financial situations of the behavioral health community crisis centers. These reports shall be submitted by the Department of Health and Welfare to the Legislative Services Office Budget and Policy Analysis Division no later than December 31, 2026.

SECTION 18. DIRECTING USE OF THE STATE OPIOID RESPONSE GRANT. Funds available for naloxone shall be available only to first responders for distribution in the state of Idaho.

SECTION 19. DIRECTING USES OF THE IDAHO MILLENNIUM INCOME FUND. Of the funds appropriated from the Idaho Millennium Income Fund in Section 1 of this act, \$250,000 shall be used by Idaho Drug Free Youth to support its various programs, including its annual youth summit, program chapters, and drug free school coordinators. Idaho Drug Free Youth shall provide to the Department of Health and Welfare a document that demonstrates operational and fiscal accountability for the supported programs. Idaho Drug Free Youth shall work collaboratively with the Department of Health and Welfare and shall sign an attestation letter or equivalent document that ensures funds will be used in accordance with this section, with Section 10 of this act, and with any other applicable rule or law and accounted for using generally accepted accounting principles.

SECTION 20. IDAHO DRUG FREE YOUTH OVERSIGHT.

(1) The Department of Health and Welfare shall provide oversight for the funds provided in Section 9 of this act for Idaho Drug Free Youth. The Department of Health and Welfare shall:

(a) Provide four distributions of \$62,500 for a total distribution of \$250,000. Distributions shall occur no later than July 15, 2026, October 15, 2026, January 15, 2027, and April 15, 2027;

(b) Receive and compile two reports from Idaho Drug Free Youth and transmit each report to the Budget and Policy Analysis Division of the Legislative Services Office on behalf of the Joint Millennium Fund Committee by December 30, 2026, and by June 30, 2027, or as soon thereafter as is practicable. The format of the report and the content therein shall be determined by the Budget and Policy Analysis Division of the Legislative Services Office;

(c) Withhold or recover distributions pursuant to paragraph (a) of this subsection if Idaho Drug Free Youth is not operating or has indicated it intends to no longer operate prior to the close of the fiscal year, if it does not provide any of the required reports, or otherwise as needed to address legal or fiscal concerns of funds provided to Idaho Drug Free Youth; and

(d) Assist Idaho Drug Free Youth, as needed, to ensure services are being provided as intended by this act and to meet the needs of program participants.

(2) The Department of Health and Welfare shall not have the authority to directly manage Idaho Drug Free Youth or direct Idaho Drug Free Youth to perform functions not required in this section, Section 1, or Section 9 of this act. The Department of Health and Welfare shall assist Idaho Drug Free Youth to ensure funds are used in accordance with this act. If the Department of Health and Welfare has reason to believe funds are misused in violation of this section, Section 1, or Section 9 of this act, or any rule or law, the Department of Health and Welfare may withhold funds until Idaho Drug Free Youth is in compliance with this act and applicable law. The Department of Health and Welfare shall immediately notify the Budget and Policy Analysis Division of the Legislative Services Office on behalf of the Joint Millennium Fund Committee of any misused or perceived misuse of funds. The Department of Health and Welfare shall work collaboratively with Idaho Drug Free Youth to develop an appropriate corrective action plan.

SECTION 21. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. The Community Hospitalization Program is hereby exempted from the provisions of Section 67-3511(2), Idaho Code, allowing unlimited transfers into the Community Hospitalization Program from other programs within the Department of Health and Welfare for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027.

SECTION 22. TRANSFER OF APPROPRIATIONS. Notwithstanding the provisions of Section 67-3511(4), Idaho Code, funding provided for the personnel costs expense class in each division shall not be transferred to any other expense class within the Department of Health and Welfare during fiscal year 2027.

SECTION 23. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies who are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 24. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 25. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 17 AYES, 3 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Green.

Ms. Williamson explained the revised section of language associated with the Health & Human Services FY 2027 program maintenance budget. She stated this section allowed the agency to identify savings contingent on passage of legislation; however, those savings were to be shown as zero and excluded from the budget totals unless the bill was enacted. The revision applied the same requirement to the Governor's recommendation.

Sen. Woodward noted the language used the term "budgetary impact" rather than specifically referring to savings, allowing for either increases or decreases. He expressed concern this approach could create inconsistencies between DHW and other agencies; the Governor's recommendation for this agency would be presented differently from others.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Bjerke requested unanimous consent to adopt the following language:

LANGUAGE: SECTION __. BUDGET INTEGRITY. Notwithstanding any other provision of law to the contrary, and consistent with its cost containment strategy, the Department of Health and Welfare’s Division of Medicaid shall submit its budget request in accordance with applicable Idaho law as of the date of submission. This section does not prohibit the agency or Governor from making requests of the Legislature that would impact any portion of the department’s budget. However, any proposed changes to Idaho Code with an anticipated budgetary impact shall be identified in the agency budget request and Governor’s budget recommendation in narrative form only, without numerical entries. Further, the department shall submit its budget request based on the forecasted amount for the most recent month available from the report identified in Section _ of this act and for the estimated needs of maintaining operations of the division.

Sen. Woodward objected.

ORIGINAL MOTION: **Sen. Bjerke** made a motion, seconded by **Sen. Carlson**, to adopt the following language:

LANGUAGE: SECTION __. BUDGET INTEGRITY. Notwithstanding any other provision of law to the contrary, and consistent with its cost containment strategy, the Department of Health and Welfare’s Division of Medicaid shall submit its budget request in accordance with applicable Idaho law as of the date of submission. This section does not prohibit the agency or Governor from making requests of the Legislature that would impact any portion of the department’s budget. However, any proposed changes to Idaho Code with an anticipated budgetary impact shall be identified in the agency budget request and Governor’s budget recommendation in narrative form only, without numerical entries. Further, the department shall submit its budget request based on the forecasted amount for the most recent month available from the report identified in Section _ of this act and for the estimated needs of maintaining operations of the division.

Sen. Bjerke explained this language was the result of DHW being asked to identify an additional \$22M for the budget reflected in the Governor’s recommendation. Addressing this request required establishing policy and identifying the necessary funds, which led to the development of this language.

SUBSTITUTE MOTION: **Sen. Woodward** made a substitute motion to accept the following language. The substitute motion failed due to the lack of a second.

LANGUAGE: SECTION __. BUDGET INTEGRITY. Notwithstanding any other provision of law to the contrary, and consistent with its cost containment strategy, the Department of Health and Welfare’s Division of Medicaid shall submit its budget request in accordance with applicable Idaho law as of the date of submission. This section does not prohibit the agency from making requests of the Legislature that would impact any portion of the department’s budget. However, any proposed changes to Idaho Code with an anticipated budgetary impact shall be identified in narrative form only, without numerical entries. Further, the department shall submit its budget request based on the forecasted amount for the most recent month available from the report identified in Section _ of this act and for the estimated needs of maintaining operations of the division.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 15 AYES, 5 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Woodward, Cook, Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Green.

Ms. Williamson explained the proposed new section of non-standard language associated with the Health & Human Services FY 2027 program maintenance budget. This language would apply to acquisition of services or settlement valued at more than \$1M, requiring DHW to make a report to JFAC.

In response to committee questions, **Co-Chair Tanner (14)** explained this language would ensure JFAC could track financial transactions within DHW more accurately.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Bjerke requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

ACQUISITIONS. Consistent with the provisions of Chapter 92, Title 67, Idaho Code, the Idaho Department of Health and Welfare is encouraged to engage in open, competitive acquisition processes. For all acquisitions during fiscal year 2027 for property, services, or settlement valued at more than \$1,000,000, the Idaho Department of Health and Welfare shall make a report to the Joint Finance-Appropriations Committee when the acquisition process includes:

(1) any targeted requests for information or questions conveyed on behalf of external stakeholders by the Office of the Governor, and/or

(2) facilitation or coordination of meetings or communications with potential or actual bidders by the Office of the Governor. Such report shall be made by the Idaho Department of Health and Welfare to the Joint Finance-Appropriations Committee and the Budget and Policy Analysis Division of the Legislative Service Office within 30 business days of such contact and include

(a) nature and purpose for contact from the Office of the Governor;

(b) the amount of the contract for property, services, or settlement subject to the acquisition process;

(c) the duration of the contract for property, services, or settlement;

(d) the parties involved;

(e) the subject; and

(f) whether the acquisition was part of or awarded as a result of an open, competitive acquisition process or a sole source or other noncompetitive procurement pursuant to Section 67-9221, Idaho Code.

Ms. Brooke Dupree, Senior Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for Economic Development. This budget included the following agencies: Idaho State Department of Agriculture, Soil & Water Conservation Commission, Department of Commerce, Department of Finance, Industrial Commission, Department of Insurance, Department of Labor, Public Utilities Commission, Commission on Hispanic Affairs, Idaho State Historical Society, Idaho Commission for Libraries, State Lottery, State Appellate Public Defender, Division of Veteran's Services, Office of the State Public Defender, Division of Occupational and Professional Licenses, Office of Administrative Hearings, Office of Health and Social Services Ombudsman, Commission for Pardons and Parole, and the Idaho Transportation Department.

Sen. Cook and Sen. Wintrow raised concerns about specific cuts in the program maintenance budget, warning the reductions could end up costing the State more than they save.

The committee discussed handling these issues in the enhancement budgets.

MOTION:

Sen. Hart made a motion, seconded by **Rep. Price**, to begin with the FY 2027 base and include \$6,356,900 for benefit costs, \$148,200 for contract inflation, and \$3,484,400 for statewide cost allocation. This motion included, for FY 2027, \$89,944,700 from the General Fund, \$703,872,000 from dedicated funds, and \$787,170,700 from federal funds, for a total of \$1,580,987,400, and capped full-time equivalents positions at 4,161.26.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 12 AYES, 8 NAYS, 0 ABSENT/EXCUSED.
Senators voting in favor of the motion: **Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway.** **Senators voting in opposition** to the motion: **Woodward, Cook, Ward-Engelking, Wintrow.** **Representatives voting in favor** of the motion: **Tanner (14), Miller, Mitchell, Price, Bruce, Harris.** **Representatives voting in opposition** to the motion: **Furniss, Petzke, Manwaring, Green.**

Ms. Dupree presented the sections of language associated with the Economic Development FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Hart requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION 1. There is hereby appropriated to Economic Development the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the programs in Economic Development is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

Department of Agriculture ___
Soil and Water Conservation Commission ___
Department of Commerce ___
Department of Finance ___
Industrial Commission ___
Department of Insurance ___
Department of Labor ___
Public Utilities Commission ___
Commission on Hispanic Affairs ___
Idaho State Historical Society ___
Idaho Commission for Libraries ___
Idaho State Lottery ___
State Appellate Public Defender ___
Division of Veterans Services ___
Office of the State Public Defender ___
Division of Occupational and Professional Licenses ___
Office of Administrative Hearings ___
Office of Health and Social Services Ombudsman ___

SECTION 3. WATERCRAFT INSPECTION PROGRAM. The Department of Agriculture shall maximize the use of the appropriation provided for the watercraft inspection program to minimize the chances of spreading zebra mussels, quagga mussels, and other aquatic invasive species into Idaho waters. The department is encouraged to use roving inspection stations when appropriate and to expand hours of coverage during holidays when boat transport traffic is likely to increase. It is also encouraged to use extra staffing on busy holiday weekends. The department shall gather data regarding the number of watercraft that are bypassing the stations and nighttime transport of watercraft across Idaho's borders. The department shall also seek to secure federal funding to further enhance invasive species detection and prevention efforts. The department shall report back to the Joint Finance-Appropriations Committee, the Senate Agricultural Affairs Committee, and the House Agricultural Affairs Committee during the 2027 legislative session regarding the results of the data gathering, attainment of federal funds, and an operational review of the boat stations.

SECTION 4. TRUSTEE AND BENEFIT PAYMENTS DISTRIBUTION. Of the amount appropriated to the Soil and Water Conservation Commission in Section 1 of this act for trustee and benefit payments, \$300,000 shall be distributed equally among the 50 soil and water conservation districts in addition to the amounts authorized pursuant to Section 22-2727, Idaho Code.

SECTION 5. REAPPROPRIATION AUTHORITY FOR THE IDAHO BROADBAND FUND. There is hereby reappropriated to the Department of Commerce any unexpended and unencumbered balances appropriated or reappropriated to the Department of Commerce from the Idaho Broadband Fund for fiscal year 2026, not to exceed \$33,066,900, to be used for nonrecurring expenditures for broadband infrastructure for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 6. REAPPROPRIATION AUTHORITY FOR THE ARPA CAPITAL PROJECTS FUND. There is hereby reappropriated to the Department of Commerce any unexpended and unencumbered balances appropriated or reappropriated to the Department of Commerce from the ARPA Capital Projects Fund for fiscal year 2026, not to exceed \$89,011,100, to be used for nonrecurring expenditures for broadband infrastructure for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 7. REAPPROPRIATION AUTHORITY FOR THE FEDERAL GRANT FUND. There is hereby reappropriated to the Department of Commerce any unexpended and unencumbered balances appropriated or reappropriated to the Department of Commerce from the Federal Grant Fund for fiscal year 2026, not to exceed \$150,000,000, to be used for nonrecurring expenditures for broadband infrastructure for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 8. BROADBAND GRANTS. Notwithstanding any law to the contrary, all moneys appropriated from the ARPA Capital Projects Fund and Federal Grant Fund to the Department of Commerce for the purpose of broadband grants shall be allocated at the direction of the Idaho Broadband Advisory Board.

SECTION 9. CONTINUOUS APPROPRIATION AUTHORITY. The Department of Finance is hereby granted continuous appropriation authority for reimbursement of persons to whom the Idaho Judicial Branch has made a final determination of actual damages resulting from acts constituting violations of the Idaho Residential Mortgage Practices Act by a mortgage broker, mortgage lender, or mortgage loan originator who was licensed or required to be licensed pursuant to Chapter 31, Title 26, Idaho Code.

SECTION 10. CONTINUOUS APPROPRIATION. Amounts necessary to pay prizes, retailer commissions, advertising and promotional costs, and gaming supplier vendor fees based on sales shall be continuously appropriated to the Idaho State Lottery in accordance with the provisions of Section 67-7428, Idaho Code.

SECTION 11. REAPPROPRIATION AUTHORITY FOR CAPITAL APPEALS. There is hereby reappropriated to the State Appellate Public Defender any unexpended and unencumbered balances appropriated or reappropriated to the State Appellate Public Defender from the General Fund for fiscal year 2026, in an amount not to exceed \$1,169,400, from the General Fund for costs directly related to the provision of representation in capital cases, to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 12. REAPPROPRIATION AUTHORITY FOR NONCAPITAL APPEALS. There is hereby reappropriated to the State Appellate Public Defender any unexpended and unencumbered balances appropriated or reappropriated to the State Appellate Public Defender from the General Fund for fiscal year 2026, in an amount not to exceed \$52,900, from the General Fund for costs directly related to outside counsel for noncapital appeals, to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 13. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. The Division of Occupational and Professional Licenses is hereby exempted from the provisions of Section 67-3511(2), Idaho Code, allowing unlimited transfers between programs for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 14. CONTINUOUSLY APPROPRIATED MONEYS. All moneys transferred to the Local Bridge Inspection Fund and to the Railroad Grade Crossing Protection Fund, as provided in Section 63-2412, Idaho Code, are hereby continuously appropriated to the Idaho Transportation Department for the stated purpose of those funds.

SECTION 15. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies that are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 16. CONDITIONS, LIMITATIONS, AND RESTRICTIONS.

Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 17. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Ms. Dupree presented the next section of language associated with the Economic Development FY 2027 program maintenance budget regarding the Department of Agriculture.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Hart requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION __. CASH TRANSFER TO THE DEPREDATION OF LIVESTOCK AND PREVENTION FUND. There is hereby appropriated to the Department of Agriculture and the Office of the State Controller shall transfer \$225,000 from the General Fund to the Depredation of Livestock and Prevention Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to provide for the compensation for depredation of livestock by grizzly bears and wolves.

Ms. Dupree presented the next section of language associated with the Economic Development FY 2027 program maintenance budget regarding the State Public Defender.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Hart requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION __. EXPENSES PAID FOR THE USE OF COUNTY FACILITIES FOR INDIGENT PUBLIC DEFENSE. Pursuant to Section 19-6008, Idaho Code, any county providing office space to a county office of public defense or a joint county office of public defense as of January 1, 2023, shall continue to make available the same or substantially similar office space for the use of the office of the state public defender until July 1, 2029. It is the intent of this section to include parking as part of the continued use of facilities until July 1, 2029. The office of the state public defender shall reimburse the board of county commissioners for parking expenses at a reasonable rate and not to exceed what is charged to county employees.

Ms. Dupree presented the next section of language associated with the Economic Development FY 2027 program maintenance budget regarding the Department of Insurance.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Hart requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE: SECTION __. USE OF PERSONNEL COSTS. The department of insurance shall not use the appropriation from Section X to pay or reimburse personnel costs at other state agencies.

Ms. Janica Bisharat, Senior Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for the Judicial Branch. This budget included the following agencies: Court Operations, Guardian ad Litem, and the Judicial Council. She identified the rescissions, ongoing base budget reduction, and statewide decisions.

MOTION: **Rep. Manwaring** made a motion, seconded by **Sen. Galloway**, to begin with the FY 2027 Base and include \$791,200 for benefit costs and \$83,000 for statewide cost allocation. This motion included \$74,726,300 from the General Fund, \$23,805,800 from dedicated funds, and \$1,970,500 from federal funds, for a total of \$100,502,600, with no cap on full-time equivalent positions.

Sen. Wintrow stated her opposition to the motion.

ROLL CALL VOTE ON MOTION: **Motion carried by a total vote of 13 AYES, 7 NAYS, 0 ABSENT/EXCUSED.** **Senators voting in favor** of the motion: **Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway.** **Senators voting in opposition** to the motion: **Woodward, Cook, Ward-Engelking, Wintrow.** **Representatives voting in favor** of the motion: **Tanner (14), Miller, Manwaring, Mitchell, Price, Bruce, Harris.** **Representatives voting in opposition** to the motion: **Furniss, Petzke, Green.**

Ms. Bisharat presented the sections of language associated with the Judicial Branch FY 2027 program maintenance budget.

UNANIMOUS CONSENT REQUEST: **Rep. Manwaring** requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE: SECTION 1. There is hereby appropriated to the Judicial Branch the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. EXEMPTIONS FROM EXPENSE CLASS AND PROGRAM TRANSFER LIMITATIONS. The Judicial Branch is hereby exempted from the provisions of Section 67-3511(1), (2), and (3), Idaho Code, allowing unlimited transfers between expense classes and between programs for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 3. RETIREMENT CONTRIBUTIONS. Of the amount appropriated in Section 1 of this act from the General Fund for the state's share of retirement contribution remittances to the Judges' Retirement Fund for justices' and judges' retirement benefits pursuant to Section 1-2004(2), Idaho Code, those amounts that are uncommitted shall be transferred monthly into operating expenditures and then paid by the Judicial Branch into the Judges' Retirement Fund.

SECTION 4. REAPPROPRIATION AUTHORITY. There is hereby reappropriated to the Judicial Branch any unexpended and unencumbered balances appropriated or reappropriated to the Judicial Branch from the American Rescue Plan Act (ARPA) State Fiscal Recovery Fund for fiscal year 2026, in an amount not to exceed \$16,222,200 from the American Rescue Plan Act (ARPA) State Fiscal Recovery Fund, to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 5. CONDITIONS, LIMITATIONS, AND RESTRICTIONS.

Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 6. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Ms. Bisharat presented the FY 2027 program maintenance budget for the Constitutional Officers. This budget included the following agencies: Executive Office of the Governor, Lieutenant Governor, Attorney General, State Controller, Secretary of State, and the State Treasurer. Ms. Bisharat pointed out the Superintendent of Public Instruction's budget is found in the Department of Education.

MOTION:

Rep. Mitchell made a motion, seconded by **Sen. Zuiderveld**, to begin with the FY 2027 base and include \$836,800 for benefit costs, \$148,900 for contract inflation, and \$12,100 for statewide cost allocation. This motion included, for FY 2027, \$64,629,000 from the General Fund, \$21,629,100 from dedicated funds, and \$3,210,000 from federal funds, for a total of \$89,468,100, and capped full-time equivalent positions at 437.90.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 14 AYES, 6 NAYS, 0 ABSENT/EXCUSED.
Senators voting in favor of the motion: **Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway.** **Senators voting in opposition** to the motion: **Woodward, Cook, Ward-Engelking, Wintrow.** **Representatives voting in favor** of the motion: **Tanner (14), Miller, Petzke, Manwaring, Mitchell, Price, Bruce, Harris.** **Representatives voting in opposition** to the motion: **Furniss, Green.**

Ms. Bisharat presented the sections of language associated with the Constitutional Officers FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Mitchell requested and it was granted by unanimous consent, to adopt the following standard language:

LANGUAGE:

SECTION 1. There is hereby appropriated to the Constitutional Officers the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the programs in Constitutional Officers is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized:

Executive Office of the Governor ___
Office of the Lieutenant Governor ___
Office of the Attorney General ___
Office of the State Controller ___
Office of the Secretary of State ___
Office of the State Treasurer ___

SECTION 3. EXEMPTIONS FROM EXPENSE CLASS AND PROGRAM TRANSFER LIMITATIONS—EXECUTIVE OFFICE OF THE GOVERNOR. For fiscal year 2027, the Executive Office of the Governor is hereby exempted from the provisions of Section 67-3511(1), (2), and (3), Idaho Code, allowing unlimited transfers between expense classes and between programs, for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 4. EXEMPTIONS FROM OBJECT TRANSFER LIMITATIONS—OFFICE OF LIEUTENANT GOVERNOR. For fiscal year 2027, the Office of the Lieutenant Governor is hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes, for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 5. EXEMPTIONS FROM EXPENSE CLASS AND PROGRAM TRANSFER LIMITATIONS—OFFICE OF THE ATTORNEY GENERAL. The Office of the Attorney General is hereby exempted from the provisions of Section 67-3511(1), (2), and (3), Idaho Code, allowing unlimited transfers between expense classes and between programs, for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 6. REAPPROPRIATION AUTHORITY—OFFICE OF THE SECRETARY OF STATE. There is hereby reappropriated to the Office of the Secretary of State any unexpended and unencumbered balance appropriated to the Office of the Secretary of State for election integrity audits and elections system upgrades for fiscal year 2026 for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amounts, by fund, expense classes, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 7. INDIRECT COST RECOVERY—OFFICE OF THE STATE CONTROLLER. The moneys assessed by the Division of Financial Management in accordance with Section 67-3531, Idaho Code, for the Office of the State Controller services shall be placed in the Indirect Cost Recovery Fund. On June 30, 2027, the State Controller shall transfer the amount assessed in the statewide cost allocation plan from the Indirect Cost Recovery Fund to the state General Fund.

SECTION 8. REAPPROPRIATION AUTHORITY FOR THE DATA PROCESSING SERVICES FUND—OFFICE OF THE STATE CONTROLLER. There is hereby reappropriated to the Office of the State Controller any unexpended and unencumbered balances appropriated or reappropriated to the Office of the State Controller from the Data Processing Services Fund for fiscal year 2026 in an amount not to exceed \$2,500,000 to be used for nonrecurring expenditures related to the Computer Service Center for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense classes, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 9. REAPPROPRIATION AUTHORITY FOR THE GENERAL FUND—OFFICE OF THE STATE CONTROLLER. There is hereby reappropriated to the Office of the State Controller any unexpended and unencumbered balances appropriated or reappropriated to the Office of the State Controller from the General Fund for the behavioral health reporting data system for fiscal year 2026, to be used for nonrecurring expenditures related to the behavioral health reporting data system for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 10. PAYMENT OF BANK SERVICE FEES—STATE TREASURER. Of the amount appropriated to the State Treasurer in Section 1 of this act, no more than \$406,600 from the General Fund and \$221,700 from the Professional Services Fund may be used for the payment of bank service fees for the period July 1, 2026, through June 30, 2027.

SECTION 11. CONTINUOUS APPROPRIATION FOR THE AMERICA 250 COMMEMORATION FUND—STATE TREASURER. The State Treasurer is hereby granted continuous appropriation authority for the America 250 Commemoration Fund for the period July 1, 2026, through June 30, 2027. Gifts, grants, other donations, and interest earned and retained by the fund is continuously appropriated for the purpose provided in Section 57-829, Idaho Code.

SECTION 12. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 13. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Ms. Bisharat presented the next section of language associated with the Constitutional Officers FY 2027 program maintenance budget regarding the State Controller Office (SCO).

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Mitchell requested and it was granted by unanimous consent, to adopt the following non-standard language:

LANGUAGE:

CASH TRANSFER. The Office of the State Controller is hereby directed to transfer unencumbered cash from each allocated fund of the Technology Infrastructure Stabilization Fund to the control agency account. Authorized appropriations beginning on July 1, 2026, shall be transferred by the SCO from the control agency account; any unencumbered funds will revert back to the control agency as soon as practical at the end of the fiscal year.

Ms. Frances Lippitt, Senior Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for General Government. This budget included the following agencies: Department of Administration, Capitol Commission, Permanent Building Fund, Commission on Aging, Idaho Commission on the Arts, Idaho Commission for the Blind and Visually Impaired, Office of Drug Policy, Office of Energy and Mineral Resources, Division of Financial Management, Division of Human Resources, Office of Information Technology Services, State Liquor Division, Military Division, Public Employee Retirement System of Idaho (PERSI), Office of Species Conservation, STEM Action Center, Wolf Depredation Control Board, Workforce Development Council, Board of Tax Appeals, and the State Tax Commission.

Ms. Lippitt noted the 5% ongoing base reductions to the General Fund appropriation for FY 2027 and the statewide decisions taken earlier by JFAC were included in this budget.

MOTION:

Rep. Harris made a motion, seconded by **Sen. Bjerke**, to begin with the FY 2027 Base and include \$3,419,300 for benefit costs, \$410,600 for contract inflation, \$1,795,300 for statewide cost allocation, and \$1,983,500 for military compensation. This motion included, for FY 2027, \$77,522,500 from the General Fund, \$245,380,600 from dedicated funds, and \$184,105,000 from federal funds, for a total of \$507,008,100, and capped full-time equivalent positions at 1,929.01.

Sen. Ward-Engelking and **Sen. Cook** pointed to several budget cuts they opposed and explained their concerns.

Co-Chair Tanner (14) stated multiple members of the committee had expressed concerns and indicated the issues would be addressed in the enhancement budgets.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 12 AYES, 8 NAYS, 0 ABSENT/EXCUSED.
Senators voting in favor of the motion: **Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway.** **Senators voting in opposition** to the motion: **Woodward, Cook, Ward-Engelking, Wintrow.** **Representatives voting in favor** of the motion: **Tanner (14), Miller, Mitchell, Price, Bruce, Harris.** **Representatives voting in opposition** to the motion: **Furniss, Petzke, Manwaring, Green.**

Ms. Lippitt presented the sections of language associated with the General Government FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Harris requested and it was granted by unanimous consent, to adopt the following standard maintenance language:

LANGUAGE:

SECTION 1. There is hereby appropriated to the programs listed in General Government the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION. In accordance with Section 67-3519, Idaho Code, each of the programs in General Government is authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized.

Department of Administration ___
Commission on Aging ___
Commission on the Arts ___
Commission for the Blind and Visually Impaired ___
Commission for the Blind and Visually Impaired ___
Office of Drug Policy ___
Office of Energy and Mineral Resources ___
Division of Financial Management ___
Division of Human Resources ___
Office of Information Technology Services ___
State Liquor Division ___
Military Division ___
Public Employee Retirement System of Idaho ___
Office of Species Conservation ___
STEM Action Center ___
Workforce Development Council ___
Board of Tax Appeals ___
State Tax Commission ___

SECTION 3. CASH TRANSFER TO THE ADMINISTRATION AND ACCOUNTING SERVICES FUND. There is hereby appropriated and the Office of the State Controller shall transfer \$1,737,500 from the Permanent Building Fund to the Administration and Accounting Services Fund on July 1, 2026, or as soon thereafter as practicable, for the Capitol Mall Facilities payment in the Division of Public Works due in fiscal year 2027.

SECTION 4. CASH TRANSFER TO THE CAPITOL COMMISSION OPERATING FUND. There is hereby appropriated to the Department of Administration for the Idaho State Capitol Commission and the Office of the State Controller shall transfer \$250,000 from the Capitol Maintenance Reserve Fund to the Capitol Commission Operating Fund on July 1, 2026, or as soon thereafter as practicable, for the period July 1, 2026, through June 30, 2027.

SECTION 5. REAPPROPRIATION AUTHORITY FOR THE IDAHO STATE CAPITOL COMMISSION. There is hereby reappropriated to the Department of Administration for the Idaho State Capitol Commission any unexpended and unencumbered balances appropriated to the Department of Administration for the Idaho State Capitol Commission from the Capitol Commission Operating Fund and the Capitol Maintenance Reserve Fund for fiscal year 2026 to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 6. CASH TRANSFER TO THE GOVERNOR'S RESIDENCE FUND. Notwithstanding Section 57-1108, Idaho Code, and any other provision of law to the contrary, of the amount appropriated to the Department of Administration for the Management Services Program from the Permanent Building Fund, the Office of the State Controller shall transfer \$60,600 to the Governor's Residence Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027, to be used for the Governor's housing stipend.

SECTION 7. REAPPROPRIATION AUTHORITY FOR ENERGY RESILIENCY GRANTS. There is hereby reappropriated to the Office of Energy and Mineral Resources any unexpended and unencumbered balances appropriated or reappropriated to the Office of Energy and Mineral Resources from the Miscellaneous Revenue Fund for the purpose of the Energy Resiliency Grant Program for fiscal year 2026, in the amount not to exceed \$10,609,800 from the Miscellaneous Revenue Fund, to be used for nonrecurring expenditures related to the Energy Resiliency Grant Program for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 8. CONTINUOUS APPROPRIATION FOR THE MILITARY DIVISION. The Military Division is hereby granted continuous appropriation authority for the Idaho Office of Emergency Management's Miscellaneous Revenue Fund for the period July 1, 2026, through June 30, 2027, for the purpose of covering incurred costs arising out of hazardous substance incidents.

SECTION 9. CONTINUOUS APPROPRIATION FOR THE PUBLIC EMPLOYEE RETIREMENT SYSTEM OF IDAHO. Notwithstanding the provisions of Section 59-1311(4)(d), Idaho Code, moneys appropriated in Section 1 of this act for the Portfolio Investment Program within the Public Employee Retirement System of Idaho are for administrative costs of the Portfolio Investment Program as provided in Section 59-1311(3), Idaho Code. Amounts necessary to pay all other investment expenses related to the Portfolio Investment Program are perpetually appropriated to the Retirement Board as provided in Section 59-1311(4)(a), (b) and (c), Idaho Code.

SECTION 10. REAPPROPRIATION AUTHORITY FOR THE ARPA STATE FISCAL RECOVERY FUND. There is hereby reappropriated to the Workforce Development Council any unexpended and unencumbered balance appropriated or reappropriated to the Workforce Development Council from the ARPA State Fiscal Recovery Fund for fiscal year 2026, to be used for workforce training grants and childcare infrastructure grants for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amounts, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 11. REAPPROPRIATION AUTHORITY FOR THE IN-DEMAND CAREERS FUND. There is hereby reappropriated to the Workforce Development Council any unexpended and unencumbered balance appropriated or reappropriated to the Workforce Development Council from the In-Demand Careers Fund for fiscal year 2026, to be used for Idaho Launch grants for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amounts, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 12. REAPPROPRIATION AUTHORITY FOR THE WORKFORCE DEVELOPMENT TRAINING FUND. There is hereby reappropriated to the Workforce Development Council any unexpended and unencumbered balance appropriated or reappropriated to the Workforce Development Council from the Workforce Development Training Fund for fiscal year 2026, to be used for semiconductor grants for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amounts, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 13. PLAN STRUCTURE. The Office of Group Insurance shall maintain the current health insurance plan structure and benefit package for state employees. Adherence with the plan structure shall not preclude the Office of Group Insurance from implementing positive plan changes as identified.

SECTION 14. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies who are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 15. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions in this act.

SECTION 16. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Ms. Lippitt explained a proposed section of language associated with the General Government FY 2027 program maintenance budget.

Rep. Harris explained no changes were made to employees' salaries for FY 2027, with any future CEC adjustments applied in FY 2028. With no CEC recommended and insurance rates rising 14%, unused reserve funds would cover the higher insurance costs, preventing an effective pay cut.

Sen. Woodward expressed appreciation for the intent of the language but noted it was contrary to repeated statements about the importance of not using onetime funds for ongoing expenses.

Sen. Ward-Engelking stated her support for the language, noting it was a good use of the reserve fund; reserve funds should be used to lessen the impact on Idahoans and businesses.

Sen. Cook requested a revision to the proposed language.

Co-Chairman Tanner (14) put the committee at ease at 10:09 a.m.

Co-Chairman Tanner (14) resumed the meeting at 10:14 a.m.

Sen. Cook made a motion, seconded by **Rep. Petzke**, to adopt the following language:

**ORIGINAL
MOTION:**

LANGUAGE: Group Insurance Premiums. The Office of Group Insurance (OGI) shall maintain the current structure of the state of Idaho Group Health Insurance Plan’s offerings and shall not increase employee premiums, copays, and deductibles from their FY 2026 rates, except this does not apply to elected officials in the executive and legislative branches. The Department of Administration may use any reserve accounts in the Employee Group Insurance Fund to pay the employee premium increases planned for FY 2027. OGI shall maintain a reduced employee share of covered charges for FY 2027 with no reduction in benefits. Adherence with the plan structure shall not preclude OGI from adopting any administrative or other cost savings initiatives it has identified.

Sen. Cook spoke to his motion. He noted while many state agencies had received budget cuts, similar reductions had not applied to the legislative and executive branches. He stated budget cuts should apply to all branches of government equally. He added his proposal would provide some relief to state employees but would not apply to elected officials.

In response to committee questions, **Ms. Lippitt** explained the language she had submitted to the committee directed the Department of Administration to use existing balances in reserve accounts, where the State was not required to maintain a balance, to cover the cost of employee premium increases. The language in **Sen. Cook’s** motion referred more broadly to the use of any available reserve funding.

SUBSTITUTE MOTION: **Rep. Harris** made a substitute motion, seconded by **Sen. Bjerke**, to adopt the following language:

LANGUAGE: Group Insurance Premiums. The Office of Group Insurance (OGI) shall maintain the current structure of the state of Idaho Group Health Insurance Plan’s offerings and shall not increase employee premiums, copays, and deductibles from their FY 2026 rates. The Department of Administration may use any reserve accounts in the Employee Group Insurance Fund to pay the employee premium increases planned for FY 2027. OGI shall maintain a reduced employee share of covered charges for FY 2027 with no reduction in benefits. Adherence with the plan structure shall not preclude OGI from adopting any administrative or other cost savings initiatives it has identified.

Rep. Harris expressed concerns with the original motion, noting uncertainty about the sources of the funds to be used. He stated the language in his substitute motion used funds that were no longer required.

In response to committee questions, **Mr. Bybee** explained the language in the substitute motion had been revised to be less definite, allowing the committee to move to proceed without raising premiums for state employees. He added both motions used the reserve balance for state employee premium increases.

AMENDED SUBSTITUTE MOTION: **Sen. Woodward** made an amended substitute motion to adopt the language below. The amended substitute motion failed for lack of a second.

LANGUAGE: Group Insurance Premiums. The Office of Group Insurance (OGI) shall maintain the current structure of the state of Idaho Group Health Insurance Plan's offerings and shall not increase employee premiums, copays, and deductibles from their FY 2026 rates. The Department of Administration may use any reserve accounts in the Employee Group Insurance Fund to pay the employee premium increases planned for FY 2027. OGI shall maintain a reduced employee share of covered charges for FY 2027 with no reduction in benefits. Adherence with the plan structure shall not preclude OGI from adopting any administrative or other cost savings initiatives it has identified.

ROLL CALL VOTE ON SUBSTITUTE MOTION: **Substitute motion carried by a total vote of 17 AYES, 3 NAYS, 0 ABSENT/EXCUSED.** Senators voting in favor of the motion: **Grow, Woodward, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow.** Senators voting in opposition to the motion: **Cook.** Representatives voting in favor of the motion: **Tanner (14), Miller, Manwaring, Mitchell, Price, Bruce, Harris, Green.** Representatives voting in opposition to the motion: **Furniss, Petzke.**

Ms. Lippitt presented the new section of language associated with the General Government FY 2027 program maintenance budget.

UNANIMOUS CONSENT REQUEST: **Sen. Harris** requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE: Accountability Report for Tax Collections and Distributions. As provided for in Section 67-702(1)(c), Idaho Code, the Legislative Audits Division of the Legislative Services Office will perform a review of the State Tax Commission's comparative statement of receipts and distributions for fiscal years 2021, 2022, 2023, 2024, and 2025. This review will include an evaluation of the accuracy of reported collections and distributions for each tax type the Commission is responsible for administering. Specifically, the review will evaluate whether distributions are in accordance with Idaho Code. The report will indicate whether there were material anomalies regarding distributions.

Mr. Kevin Campbell, Principal Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for the State Board of Education. This budget included the following agencies: Agricultural Research & Extension Services, College & Universities, Community Colleges, Office of the State Board of Education, Health Education Programs, Career Technical Education, Idaho Public Television, Special Programs, Department of Education, Vocational Rehabilitation, and Charter School Commission.

MOTION: **Rep. Miller** made a motion, seconded by **Sen. Galloway**, to begin with the FY 2027 base and include \$13,885,200 for benefit costs, \$542,700 for contract inflation, and \$954,400 for statewide cost allocation. This motion included, for FY 2027, \$664,967,600 from the General Fund, \$401,421,700 from dedicated funds, and \$57,080,600 from federal funds, for a total of \$1,123,469,900, and capped full-time equivalents positions at 1033.16 for certain programs. There was no FTP cap for the Agricultural Research and Extension Service, College and Universities, or the Postsecondary Program within Career Technical Education.

Sen. Ward-Engelking opposed the motion and cited significant ongoing cuts to higher education. She explained these reductions could result in layoffs, reduce capacity in nursing and engineering programs, and require the State and businesses to hire out-of-state professionals. She emphasized the cuts would harm students, the economy, and long-term workforce development in Idaho.

In response to committee questions, **Mr. Campbell** explained **Sen. Ward-Engelking** was referring to the total fiscal impact on the college and universities, including items not included in the requested budget.

Sen. Ward-Engelking stated her support for using available funds to address the budget shortfalls and expressed concern the enhancement budgets would not succeed.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 12 AYES, 8 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Woodward, Cook, Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Furniss, Petzke, Manwaring, Green.

Mr. Campbell presented the standard sections of language associated with the State Board of Education FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Miller requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION 1. There is hereby appropriated to the State Board of Education the following amounts to be expended according to the designated programs and expense classes from the listed funds for the period July 1, 2026, through June 30, 2027:

SECTION 2. FTP AUTHORIZATION FOR FISCAL YEAR 2027. In accordance with Section 67-3519, Idaho Code, the programs listed below in State Board of Education are authorized no more than the following number of full-time equivalent positions at any point during the period July 1, 2026, through June 30, 2027, unless specifically authorized by the Governor. The Joint Finance-Appropriations Committee will be notified promptly of any increased positions so authorized. Full-time equivalent positions at the institutions of higher education and postsecondary programs in the Division of Career Technical Education are not limited.

Office of the State Board of Education ___
WIMU Veterinary Education ___
WWAMI Medical Education ___
Idaho Dental Education Programs ___
Family Medicine Residencies ___
Division of Career Technical Education ___
Idaho Public Television ___
Forest Utilization Research ___
Geological Survey ___
Museum of Natural History ___
Scholarships and Grants ___
Small Business Development Centers ___
TechHelp ___

Department of Education ___
Division of Vocational Rehabilitation ___
Charter School Commission ___

SECTION 3. EXEMPTIONS FROM EXPENSE CLASS TRANSFER LIMITATIONS—AGRICULTURAL RESEARCH AND EXTENSION SERVICE. The State Board of Education and the Board of Regents of the University of Idaho for the Agricultural Research and Extension Service are hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes for all moneys appropriated to them for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 4. REAPPROPRIATION AUTHORITY FOR DEDICATED FUNDS COLLEGE AND UNIVERSITIES. There is hereby reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for College and Universities and the Office of the State Board of Education any unexpended and unencumbered balances appropriated or reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for College and Universities from dedicated funds for fiscal year 2026, to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 5. EXEMPTIONS FROM EXPENSE CLASS AND PROGRAM TRANSFER LIMITATIONS—COLLEGE AND UNIVERSITIES . The State Board of Education and the Board of Regents of the University of Idaho for College and Universities and the Office of the State Board of Education are hereby exempted from the provisions of Section 67-3511(1), (2), and (3), Idaho Code, allowing unlimited transfers between expense classes and between programs for all moneys appropriated to them for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 6. SYSTEMWIDE NEEDS—COLLEGE AND UNIVERSITIES. Of the amount appropriated in Subsection II. E. of Section 1 of this act, the following amounts may be used as follows:

- (1) An amount not to exceed \$902,600 may be used by the Office of the State Board of Education for systemwide needs that benefit all of the four-year institutions, including but not limited to projects to promote accountability and information transfer throughout the higher education system; and
- (2) An amount of approximately \$1,960,500 may be used for the mission and goals of the Higher Education Research Council as outlined in State Board of Education Policy III.W., which includes awards for infrastructure, matching grants, and competitive grants through the Idaho Incubation Fund program.

SECTION 7 . STUDENT TUITION AND FEES FOR FISCAL YEAR 2027—COLLEGE AND UNIVERSITIES. Notwithstanding the provisions of Section 67-3516(2), Idaho Code, the Division of Financial Management may approve the expenditure of dedicated state funds pursuant to the noncognizable process for student tuition and fees during fiscal year 2028 for College and Universities. Each of the institutions' budget requests for fiscal year 2027 shall reflect all adjustments so approved by the Division of Financial Management.

SECTION 8. EXEMPTIONS FROM EXPENSE CLASS AND PROGRAM TRANSFER LIMITATIONS—COMMUNITY COLLEGES. The State Board of Education for Community Colleges is hereby exempted from the provisions of Section 67-3511(1), (2), and (3), Idaho Code, allowing unlimited transfers between expense classes and between programs for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 9. EXEMPTIONS FROM EXPENSE CLASS TRANSFER LIMITATIONS—HEALTH EDUCATION PROGRAMS. The State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs are hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes for dedicated fund moneys appropriated for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 10. REAPPROPRIATION AUTHORITY FOR DEDICATED FUNDS—HEALTH EDUCATION PROGRAMS. There is hereby reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs any unexpended and unencumbered balances appropriated or reappropriated to the State Board of Education and the Board of Regents of the University of Idaho for Health Education Programs from dedicated funds for fiscal year 2026 to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 11. STUDENT TUITION AND FEES FOR FISCAL YEAR 2027—HEALTH EDUCATION PROGRAMS. Notwithstanding the provisions of Section 67-3516(2), Idaho Code, the Division of Financial Management may approve the expenditure of dedicated state funds pursuant to the noncognizable process for student tuition and fees during fiscal year 2028 for Health Education Programs. Each of the programs' budget requests for fiscal year 2027 shall reflect all adjustments so approved by the Division of Financial Management.

SECTION 12. EXEMPTIONS FROM EXPENSE CLASS TRANSFER LIMITATIONS—DIVISION OF CAREER TECHNICAL EDUCATION. Postsecondary Programs within the Division of Career Technical Education is hereby exempted from the provisions of Section 67-3511(1) and (3), Idaho Code, allowing unlimited transfers between expense classes for all moneys appropriated to it for the period July 1, 2026, through June 30, 2027. Legislative appropriations shall not be transferred from one fund to another fund unless expressly approved by the Legislature.

SECTION 13. CONTINUOUS APPROPRIATION—IDAHO PUBLIC TELEVISION. Idaho Public Television is hereby granted continuous appropriation authority for positions and funds from its Miscellaneous Revenue Fund for the period July 1, 2026, through June 30, 2027, for the purpose of content production and related services from revenue sources provided by private donations.

SECTION 14. OPPORTUNITY SCHOLARSHIP PROGRAM ACCOUNT—SPECIAL PROGRAMS. Moneys appropriated from the General Fund to the Scholarships and Grants Program for fiscal year 2026 that are unexpended and unencumbered on June 30, 2026, are hereby appropriated and shall be transferred by the Office of the State Controller to the Opportunity Scholarship Program Account created in Section 33-4303, Idaho Code.

SECTION 15. REAPPROPRIATION AUTHORITY FOR THE IDAHO MILLENNIUM INCOME FUND—DEPARTMENT OF EDUCATION. There is hereby reappropriated to the State Department of Education any unexpended and unencumbered balances appropriated or reappropriated to the State Board of Education from the Idaho Millennium Income Fund for fiscal year 2026 to be used for nonrecurring expenditures for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 16. REAPPROPRIATION AUTHORITY FOR THE IDAHO CAREER READY STUDENTS FUND—DEPARTMENT OF EDUCATION. There is hereby reappropriated to the State Department of Education any unexpended and unencumbered balances appropriated or reappropriated to the State Board of Education from the Idaho Career Ready Students Fund for fiscal year 2026, in an amount not to exceed \$39,000,000 from the Idaho Career Ready Students Fund, to be used for nonrecurring expenditures related to the Idaho Career Ready Students Program for the period July 1, 2026, through June 30, 2027. The Office of the State Controller shall confirm the reappropriation amount, by fund, expense class, and program, with the Legislative Services Office prior to processing the reappropriation authorized herein.

SECTION 17. STANDARDS REVIEW AND ADOPTION PROGRAMS—DEPARTMENT OF EDUCATION. Notwithstanding the provisions of Section 49-308, Idaho Code, and any other provision of law to the contrary, of the amounts appropriated in Section 1 of this act and any other appropriation provided by law from the Driver's Training Fund, no more than \$150,000 shall be used for standards review and adoption programs.

SECTION 18. ACCOUNTABILITY REPORTS. Funds specifically identified in statute or in an appropriation act as intended for a certain purpose may be used only for that purpose. Funds provided in this act are subject to accountability reports and management reviews in accordance with Section 67-702, Idaho Code, provided the Legislative Services Office auditor has sufficient resources to conduct those reports. State agencies that are authorized to contract for outside audits shall submit those reports to the Joint Finance-Appropriations Committee when those reports become available.

SECTION 19. CONDITIONS, LIMITATIONS, AND RESTRICTIONS. Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 20. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Mr. Campbell explained a new section of language associated with the State Board of Education FY 2027 program maintenance budget. This language authorized the presidents of the individual college and universities at their discretion to employ voluntary separation incentive plans as a part of their overall budget management strategies. It also included a required administrative interpretation of existing code to allow those plans.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Miller requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION __. VOLUNTARY SEPARATION OPTION. Notwithstanding 67-5342, Idaho Code, or other provisions of law, the college and universities may, at the discretion of the college or university president, employ a voluntary separation incentive plan as part of an overall financial and budget management strategy. Such voluntary separation incentive plans shall not be considered as “severance” within the meaning of 67-5342, Idaho Code.

Mr. Campbell explained a new section of language associated with the State Board of Education FY 2027 program maintenance budget. The language required the State Department of Education and the State Board of Education to provide ongoing data to the LSO Budget & Policy Analysis Division.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Miller requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION __: DATA SHARING. The State Department of Education and the Office of the State Board of Education shall partner to provide a monthly data file to the Budget and Policy Analysis Division of the Legislative Services Office using data stored in the Idaho System for Educational Excellence. Each data file shall be provided no later than the 10th day of each month in an electronic spreadsheet format that allows for analysis, formulas, and report building. The final format and content of the data file shall be determined by the Budget and Policy Analysis Division of the Legislative Services Office. Data that could identify a student’s special status and that is protected for privacy concerns shall be omitted, and an alternative data point should be provided when possible.

Mr. Kellen McGurkin, Analyst, LSO Budget & Policy, presented the FY 2027 program maintenance budget for Public Schools. This budget included the following agencies: Public School Support Programs, Idaho Digital Learning Academy, and Educational Services for the Deaf and the Blind.

MOTION:

Sen. Galloway made a motion, seconded by **Rep. Petzke**, beginning with the FY 2027 base, to include \$41,026,900 for benefit costs, \$30,200 for contract inflation, and \$14,200 for statewide cost allocation. This motion included, for FY 2027, \$2,773,295,400 from the General Fund, \$96,249,800 from dedicated funds, and \$260,647,800 from federal funds, for a total of \$3,130,193,000.

Sen. Ward-Engelking opposed the motion, stating school districts not on the state health plan would receive a lower percentage for health insurance, increasing costs for schools and teachers.

Co-Chair Tanner (14) clarified the difference in dollar amounts was due to varying rate increases. He explained school districts not on the state insurance plan experienced lower rate increases than the state plan.

**ROLL CALL
VOTE ON
MOTION:**

Motion carried by a total vote of 17 AYES, 3 NAYS, 0 ABSENT/EXCUSED. Senators voting in favor of the motion: Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway. Senators voting in opposition to the motion: Ward-Engelking, Wintrow. Representatives voting in favor of the motion: Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris. Representatives voting in opposition to the motion: Green.

Mr. McGurkin presented the sections of language associated with the Public School Support FY 2027 program maintenance budget.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Galloway requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION 1. There is hereby appropriated to the Public Schools Educational Support Program’s Division of Teachers the following amounts to be expended from the listed funds for the period July 1, 2026, through June 30, 2027:

FROM:

Public School Income Fund	\$1,344,188,100
Federal Grant Fund	<u>11,000,000</u>
TOTAL:	\$1,355,188,100

SECTION 2. There is hereby appropriated to the Public Schools Educational Support Program’s Division of Student Support the following amounts to be expended to the designated programs from the listed funds for the period July 1, 2026, through June 30, 2027:

TOTAL

I. ADMINISTRATORS DIVISION:

FROM: Public School Income Fund	\$126,042,900
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II. OPERATIONS DIVISION:

FROM: Public School Income Fund	\$1,200,372,600
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III. CHILDREN’S PROGRAMS DIVISION:

FROM: Public School Income Fund	\$124,182,700
Federal Grant Fund	<u>249,647,800</u>
TOTAL:	\$373,830,500

DIVISION TOTAL:	\$1,700,246,000
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SECTION 3. There is hereby appropriated to the Public Schools Educational Support Program’s Idaho Digital Learning Academy \$25,810,000 to be expended from the Public School Income Fund for the period July 1, 2026, through June 30, 2027.

SECTION 4. There is hereby appropriated to the Public Schools Educational Support Program's Division of Facilities \$12,589,700 to be expended from the Public School Income Fund for the period July 1, 2026, through June 30, 2027.

SECTION 5. There is hereby appropriated to the Public Schools Educational Support Program's Division of Central Services \$19,237,600 to be expended for operating expenditures from the Public School Income Fund for the period July 1, 2026, through June 30, 2027.

SECTION 6. There is hereby appropriated to the Public Schools Educational Support Program's Division of Educational Services for the Deaf and the Blind the following amounts to be expended from the listed funds for the period July 1, 2026, through June 30, 2027:

FROM:

Public School Income Fund	\$16,871,500
School for the Deaf and the Blind Endowment Fund	<u>250,100</u>
TOTAL:	\$17,121,600

SECTION 7. Of the amounts appropriated in Sections 1 through 6 of this act for the Public Schools Educational Support Program, the following amounts shall be considered expended from the listed funds for the period July 1, 2026, through June 30, 2027:

FROM:

General Fund	\$2,773,295,400
Public Schools Other Income Fund	23,450,000
School for the Deaf and the Blind Endowment Fund	250,100
Cigarette, Tobacco and Lottery Income Taxes Fund	4,324,900
Public School Endowment Income Fund	68,224,800
Federal Grant Fund	<u>260,647,800</u>
TOTAL:	\$3,130,193,000

SECTION 8. PROFESSIONAL DEVELOPMENT—TEACHERS. Of the moneys appropriated in Section 1 of this act, \$13,750,000 from the Public School Income Fund shall be distributed for professional development that supports instructors and pupil service staff to increase student learning, mentoring, and collaboration. Professional development efforts should be measurable, provide the instructors and pupil service staff with a clear understanding of their progress, be incorporated into their performance evaluations, and, to the extent possible, be included in the school district or public charter school continuous improvement plans required by Section 33-320, Idaho Code. Funding shall be distributed by a formula prescribed by the State Department of Education, and the State Department of Education shall track usage and effectiveness of professional development efforts at the state and local levels.

SECTION 9. INSTRUCTIONAL AND PUPIL SERVICE STAFF COMPENSATION. In addition to the distribution criteria set forth in Section 33-1004B(9)(f), Idaho Code, an additional \$6,359 shall be allocated to each cell for residential, professional, and advanced professional rungs. These funds must be used for instructional and pupil service compensation. Funding shall be distributed in combination with other career ladder allocations for the period July 1, 2026, through June 30, 2027. School districts and public charter schools shall report to the State Department of Education on the allocation of these funds for instructional and pupil service compensation. The State Department of Education shall provide a report to the Joint Finance-Appropriations Committee by January 5, 2027, on the allocations made by school districts and public charter schools. The format of the report and the contents therein shall be determined by the Legislative Services Office Budget and Policy Analysis Division.

SECTION 10. DISCRETIONARY FUNDS. Notwithstanding any law to the contrary, for the period July 1, 2026, through June 30, 2027, it is estimated that the appropriation of state funds to the Public Schools Educational Support Program's Division of Operations as part of the Student Support Division will result in total discretionary funds of \$23,472 per support unit that are to be used at the discretion of the school district or charter school.

SECTION 11. HEALTH BENEFIT AND INSURANCE FUNDS. Notwithstanding any law to the contrary, for the period July 1, 2026, through June 30, 2027, it is estimated that the appropriation of state funds to the Public Schools Educational Support Program's Division of Operations as part of the Student Support Division will result in total health benefits or insurance and health benefits-related funds of \$25,063.50 per support unit to be distributed to schools who are on the state's health insurance plan, and of \$24,273.43 per support unit to be distributed for schools who are not on the state's health insurance plan. Before distribution, a school district's or charter school's enrollment in the state's health insurance plan will be verified by the State Department of Education. If a school district or charter school's enrollment status changes during the fiscal year, the State Department of Education will accordingly adjust the school district or charter schools' distribution amount per support unit. Funds are to be used to offset the costs of health, vision, and dental benefits or insurance offered to school employees. If the distribution provided for health, vision, and dental benefits or insurance is in excess of the individual school district's or charter school's actual costs, the excess funds may then be used at the school district's or charter school's discretion. Further, the State Department of Education shall work with the Legislative Services Office Budget and Policy Analysis Division and the Division of Financial Management to determine the information that the State Department of Education shall collect on school districts' and charter schools' health, vision, and dental benefits or insurance plan information and costs, including but not limited to actual insurance premium costs, premium percentage increases, and health insurance revenues and expenditures from all fund sources.

SECTION 12. CLASSROOM TECHNOLOGY. Of the moneys appropriated in Section 2 of this act, \$36,500,000 from the Public School Income Fund shall be distributed for classroom technology, classroom technology infrastructure, wireless technology infrastructure, and learning management systems that assist teachers and students in effective and efficient instruction or learning. Funding shall be distributed based on a formula prescribed by the State Department of Education. Moneys so distributed shall be used to implement and operate a learning management system of each school district's or public charter school's choice. A learning management system shall include integration with a school district's or public charter school's student information system and shall administer, monitor, and document student and classroom levels of learning. The State Department of Education shall verify that school districts and public charter schools are using funds to purchase a learning management system that is compliant with these standards.

SECTION 13. EXEMPTIONS FROM PROGRAM TRANSFER LIMITATIONS. For the period July 1, 2026, through June 30, 2027, the State Department of Education is hereby granted the authority to transfer appropriations among the Teachers, Student Support, Facilities, and Idaho Digital Learning Academy divisions of the Public Schools Educational Support Program, in any amount necessary, to comply with the public school funding provisions of appropriations and Idaho Code. Additionally, appropriations may be transferred from the Division of Central Services to the other divisions of the Public Schools Educational Support Program.

SECTION 14. CIGARETTE, TOBACCO, AND LOTTERY DISTRIBUTION. Notwithstanding any provision of law to the contrary, of the moneys appropriated in Section 2 of this act, up to \$4,324,900 from available cigarette, tobacco, and lottery income tax revenue funds accruing, appropriated, or distributed to the Public School Income Fund pursuant to Sections 63-2506, 63-2552A, and 63-3067, Idaho Code, for the period July 1, 2026, through June 30, 2027, shall be distributed to school districts and charter schools through a combination of a base amount of \$2,000 plus a prorated amount based on the prior year's average daily attendance. Such funds shall be used to develop and implement school safety improvements and/or to facilitate and provide substance abuse prevention programs in the public school system.

SECTION 15. COURSEWORK. Of the moneys appropriated in Section 2 of this act, \$4,715,000 shall be distributed for coursework for students failing to achieve proficiency on Idaho's standards-based achievement tests in dollar amounts determined by the State Department of Education. The State Department of Education shall report to the Joint Finance-Appropriations Committee and the Senate Education and House Education Committees by no later than January 5, 2027, on the uses of funds and effectiveness of the programs and efforts.

SECTION 16. OPEN ENROLLMENT INFORMATION. The State Department of Education shall withhold the November payment for any school district that is not in compliance with the provisions of Section 33-1409, Idaho Code, until such time as the school district becomes compliant.

SECTION 17. ENGLISH PROFICIENCY. Pursuant to Section 33-1617, Idaho Code, of the moneys appropriated in Section 2 of this act, \$4,820,000 shall be distributed for support of students in English language learner programs as follows:

(1) The State Department of Education shall distribute \$4,370,000 to school districts and charter schools pro rata based on the population of English language learners under criteria established by the department.

(2) The State Department of Education shall distribute \$450,000 for a competitive grant program to assist school districts and charter schools in which English language learners are not reaching statewide accountability interim targets or long-term goals, as defined by federal law. This amount shall be distributed annually in three-year grant cycles, contingent on appropriation and the ability of grantees to meet program objectives. The State Department of Education shall develop the program elements and objectives governing the use of these funds and include a program evaluation component. The purpose of these funds is to improve student English language skills to allow for better access to the educational opportunities offered in public schools. The State Department of Education shall report to the Joint Finance-Appropriations Committee and the Senate Education and House Education committees by no later than January 5, 2027, on the program design, use of funds, and program effectiveness .

SECTION 18. ADVANCED OPPORTUNITIES COURSES AND PROGRAM EVALUATION. The State Department of Education shall compile information concerning the number of students enrolling in advanced opportunities courses according to the provisions of Chapter 46, Title 33, Idaho Code, whether coursework is successfully completed, and total expenditures for fiscal year 2026. As nearly as practicable, the report shall contain information about enrollment of this student population in postsecondary education. A report containing such information shall be posted on the website of the State Department of Education no later than January 5, 2027.

SECTION 19. PUBLIC SCHOOL INCOME FUND TRANSFER TO COMMISSION ON HISPANIC AFFAIRS. There is hereby appropriated and the Office of the State Controller shall transfer in accordance with Section 63–2552A(2), Idaho Code, on July 1, 2026, or as soon thereafter as practicable, \$80,000 from the Public School Income Fund to the Commission on Hispanic Affairs Miscellaneous Revenue Fund to be used for substance abuse prevention efforts in collaboration with the State Department of Education.

SECTION 20. PUBLIC SCHOOL INCOME FUND TRANSFER TO THE IDAHO STATE POLICE. There is hereby appropriated and the Office of the State Controller shall transfer in accordance with Section 63-2552A(2), Idaho Code, on July 1, 2026, or as soon thereafter as practicable, \$200,000 from the Public School Income Fund to the Idaho State Police Miscellaneous Revenue Fund for the purpose of increasing toxicology lab capacity in Forensic Services.

SECTION 21. DIGITAL CONTENT AND CURRICULA. Of the funds appropriated in Section 2 of this act, \$1,600,000 shall be distributed by the State Department of Education to school districts and public charter schools to purchase digital content and curricula of their choice. Funding will be distributed subject to Section 33-4804(2), Idaho Code.

SECTION 22. IDAHO DIGITAL LEARNING ACADEMY. The Idaho Digital Learning Academy (IDLA), created pursuant to Chapter 55, Title 33, Idaho Code, shall utilize state-appropriated funds for the period July 1, 2026, through June 30, 2027, to achieve the following:

- (1) Tuition charged by IDLA to Idaho school districts and charter schools shall not exceed \$40.00 per enrollment.
- (2) Provide remedial coursework for students failing to achieve proficiency in one or more areas of Idaho’s standards-based tests.

(3) Pursuant to State Board of Education rule, IDAPA 08.02.03, provide advanced opportunities, including access to dual credit courses, for students. The preceding list shall not be construed as excluding other instruction and training that may be provided by the Idaho Digital Learning Academy.

SECTION 23. PROGRAM SUPPORT. Of the moneys appropriated in Section 5 of this act, up to \$2,459,100 from the Public School Income Fund shall be expended for the support of literacy programs, intervention services for non-Title I schools that fail to achieve proficiency on Idaho's standards-based achievement tests, math initiative programs and regional math labs, and evaluation of the programs for students with non-English or limited-English proficiency. The State Department of Education shall report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee by January 5, 2027, on the uses of funds and effectiveness of the programs and efforts.

SECTION 24. STUDENT ASSESSMENTS. Of the moneys appropriated in Section 5 of this act, the State Department of Education may expend up to \$2,258,500 for the development or administration of student assessments, including a college entrance exam for grade 11 students, an exam for grade 10 students that provides preparation for the college entrance exam, and end-of-course exams for high school science subjects.

SECTION 25. PROFESSIONAL DEVELOPMENT—CENTRAL SERVICES. Of the moneys appropriated in Section 5 of this act, the State Department of Education may expend up to \$4,500,000 for professional development and teacher training and to track usage and effectiveness of professional development efforts at the state and local levels.

SECTION 26. CONTENT AND CURRICULUM. Of the moneys appropriated in Section 5 of this act, \$1,200,000 shall be expended for the purchase of content and curriculum for adaptive math instruction, and \$2,250,000 shall be expended for research-based programs to assist with the instruction of students with non-English or limited-English proficiency and for learning loss.

SECTION 27. CONTENT AND CURRICULUM—TECHNOLOGY. Of the moneys appropriated in Section 5 of this act, an amount not to exceed \$1,570,000 from the Public School Income Fund may be expended by the State Department of Education to contract for services that provide technology education opportunities and/or information technology certifications to students, including faculty that prepare students for college, career, or the workplace. Funding shall be awarded for projects that include three or more of the following components:

- (1) Certification of skills and competencies;
- (2) Professional development for teachers;
- (3) Integration with curriculum standards;
- (4) Online access to research-based content and curriculum; or
- (5) Instructional software for classroom use. The State Department of Education shall provide a report to the Joint Finance-Appropriations Committee, the Senate Education Committee, and the House Education Committee by January 5, 2027, regarding the number and type of certificates earned by students and faculty.

SECTION 28. YEAR-END RECONCILIATION. If the moneys appropriated and transferred to the Public School Income Fund and the moneys appropriated from the General Fund in Section 5 of this act exceed the actual expenditures for the specified purposes, the difference shall be included in the year-end reconciliation used to calculate funding available to meet the requirements of Section 33-1018, Idaho Code, notwithstanding any other provision of law to the contrary. If the funding amounts specified in Section 24 of this act are insufficient to meet the actual expenditures, the difference shall be included in the year-end reconciliation used to calculate funding available to meet the requirements of Section 33-1018, Idaho Code, notwithstanding any other provision of law to the contrary.

SECTION 29. DEFINITIONS.

(1) As used in Sections 8, 9, 12, and 21 of this act, “distributed” means moneys that are transferred to school districts and public charter schools, with no funds withheld for any other contract or administrative costs;

(2) As used in Sections 14, 15, and 17 of this act, “distributed” means moneys that are transferred to school districts, public charter schools, and the Idaho Digital Learning Academy, with no funds withheld for any other contract or administrative costs; and

(3) As used in Sections __, __, __, and of this act, “expended” means moneys that pay for the cost of contracts that provide services to school districts, public charter schools, or students or that pay for the State Department of Education’s cost of administering the programs for which the moneys are allocated.

SECTION 30. ACQUISITIONS. Consistent with the provisions of Chapter 92, Title 67, Idaho Code, and funding provided in Section 5 of this act, the State Department of Education is required to engage in open, competitive acquisition processes. The State Department of Education shall provide a report to the Joint Finance-Appropriations Committee by December 1, 2026, on all contracts signed during fiscal year 2026 for property valued at more than \$25,000. The report shall include for each contract:

- (a) the amount;
- (b) the duration;
- (c) the parties;
- (d) the subject;
- (e) whether the contract was awarded as a result of an open, competitive acquisition process or as a sole source or other noncompetitive procurement pursuant to Section 67-9221, Idaho Code; and
- (f) the rationale for signing any sole source or other non-competitive procurements.

SECTION 31. There is hereby appropriated and the Office of the State Controller shall transfer \$2,773,295,400 from the General Fund to the Public School Income Fund on July 1, 2026, or as soon thereafter as practicable for the period July 1, 2026, through June 30, 2027.

SECTION 32. CONDITIONS, LIMITATIONS, AND RESTRICTIONS.

Appropriations made pursuant to this act are subject to the conditions, limitations, and restrictions specified in this act.

SECTION 33. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2026.

Mr. McGurkin reviewed additional language related to the Public School Support FY 2027 program maintenance budget. He outlined two available options and clarified the distinction between them. The first option reflected the original language included in **S 1213**. The second option prohibited the use of funds for training administrative staff.

**UNANIMOUS
CONSENT
REQUEST:**

Sen. Galloway requested and it was granted by unanimous consent, to adopt the following language:

LANGUAGE:

SECTION __. STATEWIDE TRAINING FOR EARLY LITERACY. Of the moneys appropriated in Section 5 of this act, \$5,000,000 shall be expended for intensive professional development and coaching supports that leverage literacy experts who are approved by the State Department of Education and trained in the science of reading in conformance with Section 33-1807(7), Idaho Code. The State Department of Education shall provide all kindergarten through grade 3 teachers this professional development on a three-year cycle, while extending the training to other support staff as time and resources allow. Additionally, the State Department of Education shall prioritize these professional development services to teachers in underperforming schools as calculated in the bottom 25% based on the most recent spring Idaho Reading Indicators scores. Support for low performing schools may include pay for success models provided under Section 33-125B, Idaho Code, for turnaround school service providers. No later than January 5, 2026, the State Department of Education shall report to the Budget and Policy Analysis Division of the Legislative Services Office on the distribution, expenditure, and results of these funds. The format and content of the report shall be determined in consultation with the State Department of Education and the Budget and Policy Analysis Division of the Legislative Services Office.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:56 a.m.

Representative Tanner (14)
Chair

Alyson Jackson
Secretary