

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, February 16, 2026

TIME: 8:00 A.M.

PLACE: Room C310

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

Representatives Co-Chairman Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green

ABSENT/ EXCUSED: Senator Carlson

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

LSO STAFF PRESENTATION: **Endowment Fund Investment Board, LBB 4-029 – Janet Jessup, Principal Analyst, Legislative Services Office (LSO)**

Ms. Jessup provided a budget base review for the State Board of Land Commissioners Endowment Fund Investment Board (see, attachment 1). The Endowment Fund Investment Board, created in 1969 through a constitutional amendment, is responsible for managing investments of the land grant endowment funds, the State Insurance Fund, and other moneys as required by law (Section 57–720).

The agency has four employees with no vacancies, a 99.8% fill rate, and 96.9% of personnel costs spent on staff. The board manages two dedicated funds including the Endowment Earnings Reserve Fund and the Miscellaneous Revenue Fund. She provided five-year appropriations and expenditures for FY 22 – FY 26, showing appropriations had gradually increased to just under \$1 million, largely due to salary increases approved in recent years. She provided a breakout of FY 25 expenditures into expenditures with only appropriated funds and expenditures including continuously appropriated funds. In FY 26, the budget request included hardware replacement, compensation increases, and inflationary adjustments. For FY 27, the agency requested \$3,700 for a laptop replacement.

DISCUSSION **Chris Anton, Manager of Investments** stood to address the Committee. He stated total costs, including continuously appropriated expenses, were 0.34% of the total fund, which he described as extremely low compared to other investment funds nationwide.

**LSO STAFF
PRESENTATION:**

Department of Lands, LBB 4-035 – Janet Jessup, LSO

Ms. Jessup provided a base review for the Department of Lands (see, attachment 2). The department has six budgeted programs including the Business Services Program, Forest Resources Management Program, Trust Land Management Program, Forest and Range Fire Protection Program, Scaling Practices, and the Minerals, Public Trusts, Oil and Gas Conservation Program. The department is one of Idaho's 20 executive departments, established in the state constitution and overseen by the Board of Land Commissioners.

She provided a department organizational structure, showing 335.6 FTP at the time of budget submission, with 26.6 vacancies. The department had a five-year average FTP filled rate of 90.3% and spent 82.8% of personell cost (PC) on PC. The department's largest programs were Trust Land Management and Fire Protection. She highlighted the department's numerous dedicated funds, including the Department of Lands Fund and the Fire Suppression Deficiency Warrant Fund, explaining that the latter was continuously appropriated and could go into the negative. She reviewed a ten-year history of the Fire Suppression Deficiency Fund ending balance and expenditures, noting that recent fire seasons had been more expensive than previous years.

She provided five-year appropriations and expenditures for FY 22 – FY 26. She explained the department's ongoing enhancements, particularly related to fire staffing, equipment, and Timber Protective Association (TPA) adjustments. She provided budget enhancement amounts for For FY 25, FY 26, and FY 27.

DISCUSSION

In response to a Committee questions, **Ms. Jessup** provided detail related to the Fire Suppression Deficiency Fund. She stated the Legislature had acted on a 2025 supplemental to put \$40 million into the Fire Suppression Deficiency Fund in anticipation of the fire season. She noted that while the fund is usually positive, it is designed to go negative to allow the Department of Lands to cover unpredictable fire costs. She clarified that Deficiency Fund expenditures are spent against the General Fund. Any negative balance is addressed in a future supplemental request to restore the fund, ensuring accounting accuracy. She further explained the fund can only be used during active fires. Preparedness activities, such as standby or readiness of firefighters and equipment, are not covered by the Deficiency Fund. Use of the fund is determined by state code, so it cannot be tapped for other purposes without legislative or policy changes.

Dustin Miller, Director stood to address the Committee. The Department of Lands manages 2.5 million acres of trust lands, and derives income primarily from the timber sale program, with additional revenue from leases for grazing, minerals, recreation, and other activities. He noted that 2025 was a record year for income from state endowment lands and distributions to beneficiaries, with about 330 million board feet sold annually, roughly a third of Idaho's statewide timber volume.

He reported that the 2025 fire season included roughly 400 ignitions, 135% of the 20-year average, but only about 5,000 acres burned, 20% of the three-year average, reflecting the department's effective fire management. Net obligations for 2025 totaled just over \$40 million, supported by a \$40 million onetime legislative contribution to the deficiency account.

In response to a Committee question about the impact of budget reductions on endowment lands and fire programs, Mr. Miller stated ongoing holdbacks and cuts raised concerns about staffing levels, especially in the Eastern Idaho Forest Protective District, which had recently been reestablished. He noted that increasing population and expanding wildland-urban interfaces were driving more ignitions, longer fire seasons, and more erratic fire behavior. Cuts to funding could reduce the department's ability to protect private property and timber resources. Some reductions also affected the Shared Stewardship Program, which focuses on fire risk reduction and forest health on private and other lands.

In response to a Committee question about staffing needs and crew size, Mr. Miller described staffing plans for the Eastern Idaho Forest Protective District, which included a fire warden, two assistant wardens, and at least five engine captains. He stated funding reductions impacted seasonal positions, including the North Idaho Booster crew, which moves around the state to provide suppression capacity.

In response to a Committee question about fire suppression costs and insurance coverage, he clarified that if a fire occurs in the department's district, the state generally covers suppression costs regardless of insurance coverage. If resources respond outside the district or on federal lands, costs are typically covered by the respective state or agency.

In response to a Committee question about vacancy rates and recruitment challenges, Mr. Miller reported the department worked aggressively to fill fire program vacancies, including engine captains and resource foremen, despite challenges with pay and location compared to federal salaries.

In response to a Committee question, he stated H 226 restricted the department's ability to pay staff from the Abandoned Mine Lands Fund, so 1.25 FTP positions were being moved to the Navigable Waterways Fund program. Employee resources would spend less time on abandoned mine lands and more on permitting, surveying, and inspections for navigable waterways, managing growing demands from private landowners, homeowners, and energy infrastructure projects.

In response to a Committee question about H 511 and fire preparedness funding, he described the bill's purpose to raise funding for fire preparedness by increasing the structure surcharge per timbered parcel. The fund covers staff time, seasonal firefighters, equipment, PPE, training, and modernization efforts. Additional spending authority might be required after the bill progresses in the Senate and the Land Board sets rates.

In response to a question about citizen involvement in firewood removal and forest health, he emphasized collaboration with the U.S. Forest Service through the Good Neighbor Authority to increase forest health work on federal lands, including timber harvest and restoration. While private citizens currently cannot act independently on federal lands, discussions with the Forest Service could explore additional avenues for citizen involvement.

**LSO STAFF
PRESENTATION:**

Department of Environmental Quality, LBB 4-003 – Janet Jessup, LSO

Ms. Jessup provided a budget base review for the Department of Environmental Quality (DEQ) (see, attachment 3). The Department of Environmental Quality operates six programs, including Administration and Support Services, the Idaho National Laboratory Oversight Program, the Coeur d'Alene Basin Project Commission, Waste Management and Remediation, the Water Quality Program, and the Air Quality Program. She clarified that the department's water work differed from the Department of Water Resources: open-air ditches were managed by the latter, while closed systems affecting human or industrial use fell under DEQ's jurisdiction. She provided an organizational structure, showing 385 authorized FTP in its fiscal year 26 base. The department had a filled FTP percentage of 89.7% and spent 83.4% of PC on PC.

She provided fund detail within the consolidated fund analysis for FY 24 – FY 27. She explained the Water Pollution Control Fund was continuously appropriated and had received transferred General Fund moneys for large water system infrastructure grants.

She provided appropriation and expenditure amounts for FY 22 – FY 26 and described that deviations between appropriations and expenditures were attributing to the timing of reimbursements and federal funding, including ARPA State Fiscal Recovery Fund grants for drinking and wastewater projects.

She provided detail of FY 25 expenditures broken out by personnel costs, trustee & benefit payments, operating expenditures, and capital outlay. She reviewed FY 25 and FY 26 budget enhancements. For FY 27 enhancements focused on dedicated funds, including an adjustment for Triumph Mine Remediation.

DISCUSSION

In response to Committee questions, **Ms. Jessup** provided additional fund detail. She stated The Water Pollution Control Fund received General Fund transfers for wastewater and drinking water projects. The Drinking Water Loan Fund provided low-interest, repayable loans to communities and water districts.

Jess Byrne, Director stood to address the Committee.

In response to a Committee question, he stated that over the past five years, DEQ had provided over \$835 million in grants and low-interest loans, primarily to small communities to upgrade drinking water and wastewater systems. He emphasized the Drinking Water Loan balance amount is not reflective of a lack of use, but because moneys are waiting on account for expenditure by the grantees.

In response to a Committee questions, he stated DEQ had fewer staff than 25 years ago, despite population growth, which limited permitting, monitoring, and harmful algal bloom response. Staffing reductions created backlogs but did not immediately threaten federal program primacy. He described water quality challenges, with many streams and lakes failing standards for bacteria, nutrients, and temperature, posing recreational and drinking water concerns. He emphasized the need to update fee structures to reduce reliance on General Funds.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at **9:29 a.m.**

Senator Grow
Chair

Linsy Heiner
Secretary