

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 24, 2026
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Woodward, Cook, Bjerke (Bjerke), Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow
Representatives Co-Chairman Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green
ABSENT/ EXCUSED: Representative Manwaring
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.

MILLENNIUM FUND COMMITTEE PRESENTATION: **Millennium Fund Committee Report - Millennium Fund Committee Cochairs Senator Burtenshaw and Representative Redman**

Senator Burtenshaw and **Representative Redman** presented the Millennium Fund Committee FY 2027 Report and Recommendations before the Joint Finance-Appropriations Committee (see, attachment 1). The report included six recommendations.

First, the Millennium Fund Committee recommended \$692,200 in onetime funding to the Idaho Children's Trust Fund, which would distribute subgrants of \$10,000 to \$50,000 to community-based programs across the state.

Second, the Millennium Fund Committee recommended \$1 million in onetime funding to the Department of Juvenile Corrections on behalf of the Idaho Safety and Assessment Center Coalition to support 12 centers statewide.

Third, the Millennium Fund Committee proposed \$3 million in onetime funding for the state's 10 Child Advocacy Centers, to be administered by the Idaho Council on Domestic Violence and Victim Assistance for centers located across Idaho.

Fourth, the Millennium Fund Committee recommended \$150,000 in ongoing funding for the Department of Health and Welfare to support the Upper River Youth Leadership Council Recovery Center and expand access to recovery tools.

Fifth, the Millennium Fund Committee proposed \$5 million in one-time funding for a statewide drug awareness media campaign run by the Office on Drug Policy, with a public relations firm selected through the state procurement process and results reported back to the committee.

Finally, the Millennium Fund Committee recommended \$25 million in onetime funding for Medicaid claim payments in fiscal year 2027 to reduce pressure on the state's general fund, with any unused funds to be returned to the Millennium Fund.

**UNANIMOUS
CONSENT:**

Requested by **Representative Miller** and granted by unanimous consent, the Millennium Fund Committee FY 2027 Report was accepted by the Committee.

DISCUSSION:

Co-Chair Tanner said he appreciated the funding proposed for the Office of Drug Policy and hoped the education efforts would help reduce drug use and ultimately lower prison costs. He noted prison populations were increasing and that drug-related offenses had high recidivism rates, so prevention and education could help address the issue earlier. He then asked about the recommendation to use Millennium Fund money for Medicaid claim payments, saying in a previous year there had been language in legislation stating that Millennium Fund dollars should not be used to offset Medicaid costs.

In response, **Senator Burtenshaw** stated the Millennium Fund Committee had previously included language stating that Millennium Fund money should not be used for Medicaid and should instead focus on drug awareness, prevention, and recidivism programs. However, due to a downturn in state revenues, the Governor requested that \$25 million from the fund be used for Medicaid in the current proposal. The committee followed that request but specified that the funding would be onetime only, and any unused funds at the end of the fiscal year would be returned to the Millennium Fund.

Senator Wintrow stated she supported the decision to allocate funds for Medicaid during the current downturn in state revenues. She noted that recent budget cuts had affected substance use and mental health programs, and she believed the Medicaid funding would help stabilize support for those services. She also emphasized the importance of maintaining a focus on prevention, explaining that during economic downturns prevention programs are often reduced, which can lead to greater crises and higher costs later.

**LSO STAFF
PRESENTATION:**

**Division of Occupational and Professional Licenses (DOPL) , LBB 5-107
Frances Lippitt, Senior Analyst, Legislative Services Office (LSO)**

Ms. Lippitt presented the budget for the Division of Occupational and Professional Licenses (see, attachment 2). She stated the Division of Occupational and Professional Licenses was created through a 2020 executive order by the Governor to consolidate 11 agencies responsible for occupational and professional licensing into a single division. She said the division was organized into four bureaus overseeing licensing boards and commissions and had reduced the number of boards from 48 to 44 through consolidation efforts.

She noted the division was authorized 267.2 full-time positions, with most staff working within the three licensing bureaus while administrative staff provided fiscal, legal, and IT services. The Building, Construction, and Real Estate Bureau was the largest, employing inspectors for electrical, plumbing, and HVAC work. The Health Professions Bureau managed licensing for health-related boards and a pharmacy compliance program, while the Occupational Licensing Bureau supported several professional boards including outfitters and guides, accountancy, and social work and counseling.

She reported that the division typically filled about 92% of its positions and had personnel costs averaging around \$23 million. Total expenditures reached \$31.1 million in FY 24 and \$38.8 million in FY 25, while the ending free fund balance increased from \$63.8 million to \$67.3 million. She explained that the division was primarily funded through licensing fees in the State Regulatory Fund, with additional funds supporting industrial and logging safety programs funded by workers' compensation taxes.

She said the division reported annually to the Legislature on board fund balances and adjusted licensing fees if balances fell below 30% or exceeded 150% of a five-year average of expenditures, a practice now codified in Idaho law. Over the past five years, the division had spent between 74% and 91% of its appropriations and reduced its staffing by four positions.

She also reviewed recent budget changes, including ongoing funding approved in FY 25 for program consolidation, a licensing system, and employee compensation increases, and funding in FY 26 for inspector pay raises that helped reduce vacancies. For FY 27, the division requested one-time funding for replacement vehicles and IT hardware but later reduced the vehicle request after selecting a less expensive truck model.

DISCUSSION:

In response to Committee questions, **Ms. Lippitt** provided additional information related to the Opioid Settlement Fund and the 10% transfer limitation.

Russell Barron, Division Administrator stood to address the Committee. He stated the mission of the Division of Occupational and Professional Licenses (DOPL) was to promote consumer protection and public safety. He said the agency also played an important role in Idaho's economy by processing licenses efficiently and conducting inspections in a timely manner. He stated that since the division was created in 2020 through a consolidation of 11 licensing agencies, it had grown into a strong organization serving about 262,000 licensees. He reported that, aside from some long-term investment costs used to improve efficiency, the agency had reduced overall expenditures by roughly 20% while also improving the timeliness of licensing, inspections, and investigations.

In response to Committee questions, **Mr. Barron** provided additional information related to personnel costs, cash balances, fee holidays, fee reductions, DOPL compliance, and vehicle maintenance.

**LSO STAFF
PRESENTATION:**

State Lottery, LBB 5-079 – Frances Lippitt, LSO

Ms. Lippitt presented the budget for the Idaho State Lottery (see, attachment 3). She stated the Idaho State Lottery Division was established in 1989 under Chapter 74, Title 67 of Idaho Code, with a mission to provide entertaining games responsibly and maximize dividends for public schools and state buildings. She noted that since its inception, the lottery had distributed over \$1 billion in dividends. The Idaho Lottery Commission, a five-member board appointed by the governor to five-year terms, oversaw contracts and operations.

She described the lottery as a single budgeted program led by a director, with 51 full-time positions across five areas: Security, Sales, Fiscal and IT, Community Engagement, and Marketing. Security staff maintained game materials and investigated misuse, Sales staff managed retailer accounts, Fiscal and IT staff handled financial and technical operations, Community Engagement staff managed outreach, and Marketing staff developed games and initiatives to support schools. She said the lottery typically filled 97% of its authorized positions, with an average personnel cost appropriation of \$4.1 million and expenditures around 93% of that amount.

She reported the Lottery Division's revenue came from ticket sales and licensing fees, with total expenditures of \$338.6 million and \$327 million over the past two years, over 80% of which went to prizes. Ending fund balances were \$89.6 million in FY 24 and \$81.2 million in FY 25. She explained that H 521 in 2024 revised the dividend formula, directing five-eighths to the School District Facilities Fund and three-eighths to the Permanent Building Fund.

She noted that administrative costs were appropriated, while gaming costs were continuously appropriated, including prizes, retailer commissions, service provider fees, ticket printing, and advertising. In FY 25, the lottery distributed \$272.9 million in prizes and paid \$23.4 million in retailer commissions, while operating costs averaged 84% of appropriations over five years.

For FY 27, the Lottery Division requested \$25,800 in one-time funding for replacement IT equipment, which the Governor recommended.

DISCUSSION:

Andrew Arulanandam, Director stood to address the Committee. He stated that under his direction, the agency had reduced its employee count, cutting five deputy director positions down to two, while retaining a CFO and a Director of Security as required by law. Several positions were downgraded to managers, creating a structure that allowed employees greater opportunities for advancement. He also noted that the lottery had renegotiated several major contracts. The largest contractor's commission structure was revised, producing an estimated savings of \$1.38 million per year for ten years beginning in FY 27.

In response to Committee questions, Mr. Arulanandam provided additional detail related to detective personnel, advertising costs, and IT enhancement requests.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at **9:05 a.m.**

Senator Grow
Chair

Linsy Heiner
Secretary