

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, March 25, 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(s) Mitchell

CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at **8:12 a.m.** with a quorum present.

DISCUSSION: **Chairman Grow** explained that the Committee would review year-end cash transfers, noting this was typically one of the final steps in the budgeting process. He said the process was different this year due to the Governor's budget and the need to identify funds for both FY 2026 and FY 2027. He outlined that Mr. Bybee would walk through the details and answer questions during the morning session, after which the committee would reconvene at noon to vote.

LSO STAFF PRESENTATION: **FY 2026 and FY 2027 Cash Transfers- Keith Bybee, Division Manager, Budget & Policy Analysis, LSO**

Mr. Bybee explained that he would walk the Committee through the Cash Transfers packet (see, attachment 1), which included 14 separate motions, starting with a brief overview before a more detailed update later. He described the first action as transferring about \$5.8 million remaining from a prior \$11 million legislative remodel appropriation into the legislative account, while also reducing the current year transfer to that account by about 4%. The second action proposed a 5% reduction to the legislative account for FY 27, modeled after similar actions taken during the Great Recession, resulting in a one-time reduction for that year.

In response to Committee questions, Mr. Bybee stated while expenditures had exceeded the standard annual transfer in recent years, this was partly because the legislature had approved additional, specific appropriations for special purposes, such as interim committees and projects. Examples included funding for the Committee on Federalism and a recent appropriation for a Medicaid review panel. As a result, the need to transfer additional funds was due to both higher spending and these extra appropriations.

He stated item three addressed the unobligated balance in the Idaho Broadband Fund by proposing to transfer \$13 million back to the General Fund. He explained that the legislature had originally transferred \$35 million into the fund to support broadband projects, but only about \$20 million had been obligated to date, leaving a significant remaining balance.

In response to Committee questions, Mr. Bybee clarified that there was some uncertainty about the exact amount of unobligated funds in the Idaho Broadband Fund. He stated the department had reported \$20 million obligated, leaving a larger remaining balance. He also explained that significant federal funding for broadband—through COVID relief, ARPA, and the Infrastructure Investment and Jobs Act—likely reduced the need to use the original state funds.

He stated item four proposed transferring \$8,764,500 from inactive sub-accounts within the School District Building Account to the General Fund. He explained that most of the sub-accounts were inactive, except for the Public Schools Facility Cooperative Account, which would not be affected. He also noted that some of the funds had already been used to offset budget reductions at community colleges earlier in the year.

In response to Committee questions, he stated explained that the motion did not specify a dollar amount because it was intended to direct the State Controller to fully close out the account. This approach allowed any additional funds, such as unexpected interest earnings, to be included rather than limiting the transfer to a fixed amount.

Mr. Bybee next explained that the 27th Payroll Fund, stating it was created to prepare for years when, due to the calendar, the state must cover an extra (27th) payroll, which occurs every 11 years. Established around 2018, the fund acted as a savings account to spread out those costs over time and currently held about \$38 million, with the next 27th payroll expected in FY 2028. He said the proposed language would allow access to this fund in the event of a revenue shortfall, noting that recent revenues had fallen below projections. If revenue targets were not met and there were insufficient funds to cover obligations, the measure would give the Governor and Board of Examiners authority to use the fund as a contingency resource.

He then reviewed the next item, stating the Governor had proposed redirecting interest earnings from the Budget Stabilization Fund—normally deposited into the Permanent Building Fund—to the General Fund for FY 27. The fund held about \$880 million, and the redirected interest would be transferred at the end of the fiscal year. He described this as a preliminary step to help balance the FY 27 budget, noting that additional actions would likely be needed in the future.

He then reviewed an item that would allow interest from the Public Education Stabilization Fund—used to cover shortfalls in school funding—to be transferred to the General Fund. Similarly, interest earnings from the Water Pollution Control Fund and the Permanent Building Fund would also be redirected to the General Fund instead of remaining in those funds. Finally, he described an action to transfer interest earnings from the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund to the Strategic Initiatives Fund, which supported transportation projects, with funds distributed according to its existing structure.

Mr. Bybee explained the next action item would redirect interest earnings from the ARPA State and Local Fiscal Recovery Fund for fiscal years 2024, 2025, and 2026 to the Fire Suppression Deficiency Account instead of the Strategic Initiatives Fund. He stated the transfer would increase the fire account balance to about \$33 million, helping to offset potential General Fund obligations in the event of a large fire season.

In response to Committee questions, Mr. Bybee explained that the Governor's proposal would transfer interest earnings from various Strategic Initiatives funds to the General Fund, totaling roughly \$12–12.9 million for fiscal year 27. He clarified that the language would aim for an ending balance of \$150 million, but the exact amount would depend on revenue performance and would be finalized during the next legislative session. There was no established order of prioritization for using these funds, and the legislature would need to weigh in before acting. He stated the measures were precautionary, providing a starting point and flexibility for JFAC to manage the budget while retaining oversight. The intent was to give the Committee some control over supplementals and transfers, ensure transparency, and provide a blueprint for future legislators, particularly if new members joined. He stated the proposed action items served as a temporary framework to manage uncertainties.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at **8:53 a.m.**

Senator Grow
Chair

Keith Bybee
Secretary