

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 16, 2023

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, and Just

Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, and Tanner

**ABSENT/
EXCUSED:** Representative Nash

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

AGENCY PRESENTATION: **GOVERNOR'S REVISED FISCAL YEAR (FY) 2023 AND FY 2024 BUDGET RECOMMENDATION; Alex Adams, Administrator, Division of Financial Management, Office of the Governor**

Mr. Adams presented the Governor's revised budget and explained what the revised budget entailed, indicating there were two items revised which resulted in a net change from the previous budget of a \$120,000 savings to the General Fund (see attachment 1).

AGENCY PRESENTATION: **LEGISLATIVE SERVICES OFFICE (LSO); Terri Kondeff, Director; Keith Bybee, Division Manager, LSO Budget and Policy Analysis**

Mr. Bybee explained that LSO provides professional staff support to the Legislature in the areas of research and legislation, budget and policy analysis, revenue assessment, legislative audits, information technology, and administration. He outlined a five year General Fund history of appropriations and expenditures, and FY 2022 fund sources (see attachment 2). **Mr. Bybee** reviewed that LSO expends approximately 90 to 95 percent of their annual budget.

Ms. Kondeff reviewed LSO's statutory authority and mission, and reminded the Committee LSO provides nonpartisan support services to Idaho's Legislature with 72 full-time positioned employees and an additional 8 to 10 temporary staff added during the session. She highlighted several LSO FY 2022 achievements (see attachment 3). **Ms. Kondeff** explained FY 2022 actual expenditures and FY 2023 funded line items. She detailed FY 2024 legislative council approved requests; details for specific line item requests; funding sources; and reappropriation requests for unspent FY 2023 federal and dedicated funding. **Ms. Kondeff** noted LSO had received a biennial audit, and there were no findings.

In response to Committee questions, **Ms. Kondeff** clarified the current unfilled auditor positions are funded, and the request for \$89,500 would allow LSO to raise entry level salary to be competitive, and provide commensurate raises in the division to prevent salary compression.

AGENCY PRESENTATION: **OFFICE OF PERFORMANCE EVALUATIONS (OPE); Rakesh Mohan, Director; Keith Bybee, Division Manager, LSO Budget and Policy Analysis**
Co-Chairman Grow announced that OPE will be heard later in the meeting.

AGENCY PRESENTATION: **DIVISION OF FINANCIAL MANAGEMENT (DFM); Alex Adams, Administrator, DFM, Office of the Governor; Tim Hibbard, Analyst, LSO Budget and Policy Analysis**

Mr. Hibbard reviewed DFM’s mission and statutory authority. He outlined the total appropriations and expenditures by year from FY 2017 through FY 2023, excluding American Rescue Plan Act of 2021 (ARPA) federal funds (see attachment 4). He also reviewed FY 2022 and FY 2023 ARPA funds appropriated and expended, which expenditure rate increased from prior years, and pointed out DFM received \$49,973,200 in funds for COVID-19 Pandemic Response. **Mr. Hibbard** informed the Committee there were no open audit findings.

Mr. Adams explained the staffing structure of DFM (see attachment 5). He conveyed that DFM’s budget contained DFM items, and funds for pass through to external entities. He explained that last year DFM was given a one time appropriation of \$450,000 for a Medicaid cost containment consultant, they hired Sellers Dorsey, which is currently looking for opportunities to either improve outcomes or save costs. Sellers Dorsey submitted an interim report in December 2022, (see attachment 6) and will continue to work on long term savings opportunities. **Mr. Adams** noted the one FY 2023 supplemental budget request is to be able to hire financial specialists by August 2023. He reviewed the FY 2024 budget as a maintenance budget with a 4.6 percent General Fund growth to cover Change in Employee Compensation and benefit changes. **Mr. Adams** summarized the FY 23 supplemental appropriation requests for pass through entities and funds. He explained pass through programs through the Idaho Housing and Finance Association, (Emergency Rental Assistance 2, the Homeowners Assistance Fund, and Small Business Credit Initiative) which are not state agencies therefore DFM serves as a surrogate entity and requests on their behalf.

In response to questions from the Committee, **Mr. Adams** explained the funds received from ARPA are for dedicated purposes, such as rental assistance, and must be distributed as such or the funds must be returned to be distributed to other states for the purposes they were dedicated to. **David Fulkerson**, Deputy Administrator, State Division, and State Financial Officer for DFM, advised the rental assistance program request is a second version of the program with the previous program, which has run its course, funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. He further discussed the program’s criteria, qualifications, caps, benchmarks, responsibilities, and disbursements.

AGENCY PRESENTATION: EXECUTIVE OFFICE OF THE GOVERNOR; Alex Adams, Administrator, DFM, Office of the Governor; Tim Hibbard, Analyst, LSO Budget and Policy Analysis

Mr. Hibbard explained that this agency contains five budgeted programs for FY 2024: Administration, Acting Governor’s Pay, Expense Allowance, Governor Elect Transition, and Governor’s Emergency, and summarized what each program funded. He reviewed the agency’s total appropriations and expenditures by year from FY 2017 through FY 2023, pointing out an increase in funding in FY 2020 when unexpected dedicated funds went to the Governor’s Emergency Fund in response to the COVID-19 pandemic.

Mr. Adams reviewed FY 2023’s budget appropriations including \$15,000 allocated for the governor-elect transition, which went unused, and will revert back to the General Fund. He detailed the two projects which used the Governor’s Emergency funds (see attachment 7). He summarized the FY 2024 budget recommendations.

AGENCY PRESENTATION: OFFICE OF PERFORMANCE EVALUATIONS (OPE); Rakesh Mohan, Director; Keith Bybee, Division Manager, LSO Budget and Policy Analysis

Mr. Bybee explained that OPE works under the general direction of the Joint Legislative Oversight Committee (JLOC) as a nonpartisan legislative office, and detailed their statutory authority. He summarized the number of evaluations by year from 2018 to 2022, most recently having completed four evaluations. **Mr. Bybee** briefed on the five year General Fund appropriations versus expenditures, with the FY 2021 difference being attributable to employee turnover (see attachment 8).

Mr. Mohan provided a brief history and functionality of OPE, which was established in 1994, and their mission and primary purpose. He discussed the programs which they are driving change (see attachment 9). He stated OPE’s creditability is they must be competent to analyze complex problems and find practical solutions. **Mr. Mohan** summarized OPE’s FY 2024 budget request with expenditures, including a one time capital outlay to replace two laptops.

In response to questions from the Committee, **Mr. Mohan** discussed sharing software needs with other agencies to save expenses, who can make requests of OPE, and where OPE’s reports were available to view.

AGENCY PRESENTATION: IDAHO PUBLIC TELEVISION (IPTV); Jeff Tucker, General Manager; Jared Tatro, Deputy Division Manager, LSO Budget and Policy Analysis

Mr. Tatro, explained that IPTV, established in 1980, operates under the Idaho State Board of Education with two functional areas: a statewide delivery system, and content creation and acquisition. He briefed that the General Fund supports the maintenance and administration of the statewide delivery system, reaching 98.8 percent of Idaho households, and additionally receives financial support from donations. **Mr. Tatro** further summarized IPTV’s appropriations and expenditures by expense class (see attachment 10). He informed the Committee there were no open audit findings.

Mr. Tucker provided an overview of IPTV, viewed as a state educational entity, and some of the specific programming it provides. He reviewed that the General Fund pays for the operation and upkeep of the network operations center and the broadcast distribution network. **Mr. Tucker** informed that IPTV, unlike any other state, not only transmits mandatory national alerts, but the state network also transmits weather voluntary emergency alerts, amber alerts, and alerts for natural disasters specific to regions of the state, through a partnership with the Idaho Military Division of Public Safety Communications. He reviewed the FY 2023 estimated expenditures and budget by decision unit, including a one time executive carry forward (see attachment 11). **Mr. Tucker** discussed IPTV's FY 2024 recommended budget, summarized the replacement items needed in the \$48,500 recommendation, and pointed out the Governor's recommendation for continuous appropriation authority for private source funding expenditures.

In response to Committee questions, **Mr. Tucker** discussed the statewide emergency alerts, Idaho in Session programming, operations and hardware expenses, funding needed to maintain the broadcast infrastructure, and future programming.

ADJOURNED: There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 10:15 a.m.

Senator Grow
Chair

Twyla Melton
Assistant Secretary