

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, February 07, 2023
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-Chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-Chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Nash
ABSENT/ EXCUSED: Representative Furniss

Co-Chairman Horman called the meeting to order at 8:00 a.m.

Mr. Don Drum, Director of the Public Employee Retirement System (PERSI), stated PERSI is constantly adding new employers to the system. He explained the agency's budget requests. The FY 2023 supplemental appropriation request would provide funding to reclass a current position to a deputy chief investment officer.

Mr. Drum explained the FY 2024 line-item budget requests for a software upgrade, travel expenses for member education, salary increases for entry-level positions and corresponding salary compression, and additional FTPs.

In response to committee questions, **Mr. Drum** explained PERSI lowered its assumed rate of return but hasn't changed its investment strategy; it projects PERSI's funded status will improve with the market recovery. **Co-Chairman Grow** noted PERSI's high-funded status in contrast to other states' unfunded pension plans. In response to further committee questions, Mr. Drum explained PERSI's rate adjustments required by law.

Ms. Lori Wolff, Administrator of the Division of Human Resources (DHR), cited the statutory authority for the Department and gave an overview of its FY 2024 budget.

Ms. Wolff stated the Luma phase two implementation will happen July 1, 2023. All Human Resource Management systems will be replaced under Luma, and all agencies will transition to the new Human Capital Management system. The FY 2024 budget requests support this transition.

Ms. Wolff explained DHR is currently funded through dedicated funds collected through DHR fees charged to payroll on filled classified positions. If approved, about 137 HR employees supporting agencies statewide will be consolidated in the Shared Services model but will remain physically located in their agencies. Agencies currently have PC appropriation for these FTP in their budgets. She explained how the FY 2024 line-item budget requests support this transition. The salary equity adjustments will help address the compression issues of the consolidation and ensure employees have consistent salaries at the same classification level.

In response to committee questions, **Mr. Alex Adams**, Administrator of the Division of Financial Management, explained the state is still experiencing costs related to Covid for state employees. ARPA funding can cover these variable expenses through 2026. The state is using ARPA funds to backstop health insurance costs while it can. These recommendations are carried throughout all state agency budgets.

In response to additional committee questions, **Ms. Wolff** stated the goal of the request is to centralize Human Capital Management across state agencies. She explained DHR is funded through dedicated funds. Agencies pay fees to DHR to support these services and these costs are reflected in each state agency budget.

Ms. Jill Randolph, Principal Analyst, LSO Budget & Policy, gave a brief overview on the Commission on Aging and its funding sources. The Commission's services include meals, transportation, homemaker and caregiver support, and respite assistance for those most in need and at risk of early institutionalization. She explained the agency's recent audit findings.

Ms. Judy Taylor, Administrator, Commission on Aging, cited the statutory authority for the Commission and reviewed the improvements past appropriations have made possible. She explained the Commission's FY 2024 line-item budget requests for enhanced services funding, adult protective services funding, and an increase in grant distributions.

Ms. Randolph gave a brief overview of the State Independent Living Council (SILC) and its funding sources. SILC is a mandatory state agency in order to receive federal financial assistance under Title VII of the Federal Rehabilitation Act.

Ms. Mel Leviton, Executive Director, State Independent Living Council (SILC), cited the statutory authority for the Council and explained its mission to promote, advocate for, and enhance the ability of all Idahoans with disabilities to live independently. She explained the Council's FY 2024 budget request for funding to replace three laptops.

Ms. Frances Lippitt, Analyst, LSO Budget & Policy, gave a brief overview of the Department of Finance and its funding sources. Its funding mainly consists of licensing, permits, and fees; the Department regularly reverts surplus monies to the General Fund.

Ms. Patti Perkins, Director of the Department of Finance, expressed her support for the Governor's budget recommendations. She cited the statutory authority for the Department and explained its mission to protect the integrity of Idaho financial markets and to keep federal regulation to a minimum. Ms. Perkins explained the Department's FY 2024 budget requests, including capital equipment replacements, additional FTPs, and investigation management software.

In response to committee questions, **Ms. Perkins** explained to date the Department has had no pressure from the federal government or any other entity about Environmental Social Governance (ESG). She stated there is no federal or state legislation requiring ESG compliance for banks. In response to further questions, Ms. Perkins explained the state-chartered financial institutions and state-licensed organizations allow more autonomy than the federal-level requirements.

Ms. Lippitt gave a brief overview of the Department of Insurance and its funding sources. She explained the Department's contributions to the General Fund.

Mr. Dean Cameron, Director of the Department of Insurance, cited the statutory authority for the Department and explained its mission to protect Idaho consumers through consumer services, market oversight, company activities, and responsibility for the State Fire Marshal. The Department is funded through regulatory fees and licenses.

Mr. Cameron expressed support for the Governor's budget recommendations and noted the FY 2024 maintenance budget for the Department.

Mr. Cameron explained the Department's work with the federal government on the high-risk reinsurance pool. This work accomplished a 12% cost reduction in individual health care plans for Idaho residents.

Ms. Lippitt gave a brief overview of the Industrial Commission. She explained its dedicated funds are sourced by workers' compensation taxes and fees and court fines imposed on criminal activity. In response to a committee question, she explained the Commission's audit finding.

Mr. Tom Limbaugh, Commissioner of the Industrial Commission, cited statutory authority for the Commission and explained it administers the Idaho Workers' Compensation and Crime Victims Compensation laws to ensure the equitable and timely resolution of the claims of injured workers, medical providers, and victims of crime.

Mr. Limbaugh reviewed the Commission's FY 2023 budget and explained the FY 2024 budget requests. These requests include funding for fleet maintenance, the IRIS technology modernization project, IRIS maintenance contract, a Microsoft dedicated service engineer, and records digitization.

In response to a committee question, **Mr. George Gutierrez**, Director of the Industrial Commission, explained the Crime Victims' Compensation Program pays for the collection of criminal evidence.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:42 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary