



November 8, 2023

On November 8th, JFAC met to discuss changes made to the budget hearing process and hear budget presentations from Legislative Service Office (LSO) staff. Co-Chair Horman discussed how one of the changes is new technology for committee members with digital budgets and other information. The hearing process will be shorter and will be approximately ninety (90) minutes in the morning. Transparent Idaho has been linked to the state budget website which will have information on expenditures for each appropriation. Every agency has accountability audit language included in appropriations, budgets will reflect audit findings, and if these are being corrected or not. There will also be a federal link to see what federal funding streams are flowing through agencies.

Co-Chair Grow discussed spending limits and one of the things they are looking at is putting a percentage increase limit for budgets, such as income tax reduction. They want to keep budget increases at a regular amount and maintenance budgets are going to be the beginning point. The final goal is setting budgets early. He noted they only had one fall tour but next year they want to bring back a spring and a fall tour to dig into the base budgets. JFAC will investigate 1/5 of the budgets each year and dive into what the base budgets are made up of. Sen. Ward Engleking asked if the working groups would be public or not, and Co-Chair Horman stated they would not be public just the same as always. The Senator also asked if they were looking at doing an income tax reduction and she would like to see budgets set before looking at any reduction in revenue. Co-Chair Grow stated they will not be doing income tax reduction in JFAC, but that doesn't stop others from running bills for income tax reduction.

Co-Chair Horman stated they will be using the same voting procedures as 2023 and supplementals will only be considered after the budget presentation, with some exceptions. Co-Chair Grow noted the excess of supplementals last year and they only want supplementals for emergencies.

Keith Bybee, Budget Division Manager for Legislative Services Office (LSO), presented a deep dive base review of the Idaho Department of Commerce as an example of how budget presentations should look. He noted the numbers are not finalized and they will change before session. Co-Chair Horman noted some of the delays are due to LUMA and staff changes in LSO and agencies. The budget presentations will outline statutory requirements and key services throughout the years. It will also include performance measures with no more than ten (10) listed. LSO will present the organizational structure, as well as a five (5) year average for filled Full Time Positions (FTP) and personnel cost (PC) expenditures. The presentation looks at operating expenditures dating back to FY19, as well as FY23 expenditures. Mr. Bybee discussed the five-year base snapshot which looks at how the base budget has grown over the last five (5) years. He noted the Commerce budget has picked up additional employees from FY23 and an increase in federal funding related to broadband. Another component is budget enhancements over the years, with the various line items over the years being highlighted. The CEC implementation will be shown per pay grade. The FY25 budget request includes an ongoing enhancement for the Idaho Rural Partnership at \$114,600. The presentation will also detail fund sources and uses.

Erin Phipps, revenue analyst LSO, presented an economic indicators and state revenue update. The FY23 General Fund was \$5,948M. Ms. Phipps presented a FY24 General Fund revenue forecast overview. For July, August, and September the actual revenue is tracking closely with DFM predictions. DFM predicts a dip in October and November with peaks in December and January.

Individual income tax has been tracking closely with FY23 and FY22 with a slight increase for FY24. Individual income tax has been coming in stronger than DFM predictions for the first quarter of FY24. FY23 had the highest holding in state history and the first quarter of FY24 is even higher. Idaho's labor force participation rate is at its lowest since 2021, but the real income per capita has grown at a higher rate than the national growth rate.



Sales tax for the first quarter of FY24 is tracking closely with FY23. Sales taxes remain steady with previous year amounts. Gross sales tax is close to DFM predictions with August and September tracking lower than predicted. July sales tax is about half the revenue of August and September for FY24, in July there was \$10.3M to HB 292 and there was \$103.3M to HB1 with \$108.8M left over. Monthly housing starts have reached a three-year low at the end of 2022. Inflation and CPI have been increasing, mountain states see higher inflation due to the added costs of importing goods. As sales tax levels out, we will see sales tax collection level out as well, one notable factor of sales tax is population growth, and we have no shortage of this.

Mr. Bybee presented an Idaho Budget outlook. The state had a total budget in FY23 of \$12,913M and FY24 of \$13,854M. 39% or \$5,426M of expenditures go to health and human services, 32.8% or \$4,551 goes to education, 14% or \$1,946M to economic development, 5.6% or \$775.2M to general government, 4.1% or \$563.5M goes to natural resources, and 4.4% or \$610M goes to public safety. Mr. Bybee outlined the federal sending by the state with COVID-19, CARES, and ARPA funds. Mr. Bybee discussed tax cuts and earmarks for 2019 and forecast until 2026. The tax cuts are based on fiscal notes of tax cut bills over time. TECAM, sales tax, property tax relief, and HB1 are taken into consideration for tax earmarks. It shows what the legislature is doing to manage budgets and ensure that money isn't sitting in the general fund bank account. Total revenue in FY24 is \$5,833M and total appropriations are at \$5,181M. He also discussed the general fund obligations and tax rebates. In FY24 they will have 32.1% of cash position as a percentage of the total appropriation and he noted that Idaho is well prepared for a potential recession. Co-Chair Horman noted the big decrease in the FY25 request by functional area as the all-funds dip looks at one-time expenditures to agencies that could mask the general fund growth.

Mr. Bybee presented an FY23 General Fund update with a beginning actual balance of \$1,333,557,500. The state had 4% less revenue than it did in FY22, totaling at \$5.8B. For FY24 they have an updated revenue forecast and the supplemental requests. Line two shows the cash reserve for reappropriation, which is at \$72M. There is \$6.3B in cash available for the year. He provided a high-level view of FY25 with the revenue projection at \$6B. ITD is requesting a \$311M transfer to the strategic initiatives program. He presented the current agency request by decision unit that starts with the FY24 original appropriation. Mr. Bybee stated how income and sales tax fund the budget and sales tax is the least volatile and has provided for over half of the budget. It provides the state a diverse revenue as income tax is still growing and offset by population growth.

Jared Tatro presented the Public-School Support Program budget along with the Department of Education budget. For Public School Support the FY24 original appropriation was \$3,382,842,000 and the FY25 original appropriation was \$3,369,972,500. Mr. Tatro discussed the maintenance portion of the budget correlates with an increase in available endowment funds. He wanted to bring attention to the nondiscretionary adjustments with \$3,953,000 in general funds and \$19,000,400 in dedicated funds, the legislature funded 16,850 support units but they believe it will be closer to 16,654 support units. Mr. Tatro explained there are three groups of line items, new programs, discretionary, and items being moved to SDE. The new program line items would require policy legislation and are as follows:

- Student Teacher Stipends: \$3,000,000
- Transportation: \$16,000,000
- Outcomes-Based Funding: \$40,000,000

The discretionary line items are as follows:

- Program Removal: (\$43,668,600)
 - Teachers Division: (\$27,208,700)
 - Children's Programs: (\$15,459,900)
- New Discretionary: \$108,933,900

The programs being moved to SDE are as follows:

- Children's Programs Division



Advanced Opportunities: (\$27,000,000)
Central Services Division: (\$15,737,600)
Program Support: (\$2,459,100)
Student Assessments: (\$2,258,500)
Professional Development: (\$6,000,000)
Content and Curriculum: (\$5,020,000)

Mr. Tatro discussed the appropriation reorganization and they requested to reorganize the current seven (7) appropriation bills into five (5) appropriation bills. IESDB would remain stand-alone, IDLA would become stand-alone, and all other divisions would be consolidated into three (3) bills.

The State Department of Education has an FY24 original appropriation of \$94,050,500 and an FY25 original appropriation of \$90,027,300. Mr. Tatro highlighted this is the final year of funding for ESSER III, children experiencing homelessness, and private school support. The line items for this budget are as follows:

Office Remodeling: \$2,253,000
Statewide Behavioral Health Initiative: \$350,000
Professional Standards Commission: \$26,500
Regional Director Position: \$153,100
Auditor Position: \$87,400
Transfer Indian Education Specialist: (\$124,300)
Transfer Broadband to OSBE: (\$5,330,000)
New Vehicle Purchases: \$110,000
Standards Review and Adoption: \$150,000
Farm-to-School Grant: \$299,000
ESSER III Administration: \$1,395,800
Children Experiencing Homelessness: \$537,800
Private School COVID Support – ARPA: \$1,205,800
Special Education Grant: \$2,000,000
Transfer from Public Schools: \$42,737,600
Summer EBT Program: \$99,400

Janet Jessup provided a natural resources overview. The Department of Environmental Quality (DEQ) has a FY24 appropriation of \$166,094,200, and a FY25 original appropriation of \$170,911,300. They have the following line items:

Rent Increases and Moving Costs: \$1,359,700
Solid Waste Engineer: \$134,700
Air Quality Monitoring Analyst: \$127,200
Rules and Planning Analyst: \$104,000
Grant Officer Position: \$103,400
IPDES Data Analysts: \$368,700
Gem State Air Quality Initiative: \$779,100
Cash Transfer WPCF to Environmental Remedy: \$1,500,000
Box Basin Bunker Hill Operations: \$1,140,400
Bunker Hill Fund Adjust

Idaho Department of Fish and Game (IDFG) has an FY24 original appropriation of \$149,932,500 and an FY25 original appropriation of \$153,794,500. The line items are as follows:

Salary Inflation for Temp Employees: \$473,900
Conservation Officer Costs: \$500,00
Grizzly Bear Conflict Management: \$159,300



Pahsimeroi River Habitat Restoration: \$1,790,400
Depredation Prevention Program Staffing: \$162,200
Agency Website Overhaul: \$750,000
Fish Screen Fabrication and Shop Improvement: \$321,700
Wildlife Migration Staff: \$125,000
License Plate Revenue Analyst: \$108,500
Wildlife Easement: \$1,600,000
Wildlife Crossing Migration Initiative: \$450,000
Pocatello Regional Office Improvements: \$3,000,000
Fish Habitat Restoration Projects: \$550,000

Idaho Department of Parks and Recreation (IDPR) has an FY24 original appropriation of \$78,901,100 and an FY25 original appropriation of \$87,960,900. The line items are as follows:

Additional Park Personnel: \$468,000
Increase Seasonal Employee Pay: \$200,000
Park Operations Increase: \$300,000
OHV Law Enforcement Passthrough: \$500,000
Motorized Trails Program Trailer: \$75,000
Responsible OHV Media Campaign: \$150,00
Snowmobile Signs and Trail Markers: \$100,000
Farragut State Park, Central Entrance: \$1,800,000
Statewide RV Improvements: \$4,500,000
Lake Walcott Utilities Upgrade: \$400,000
Lake Cascade Shoreline Erosion Grant: \$250,000
Rec Council and Infrastructure Projects: \$20,000,000

Idaho Department of Water Resources (DWR) has an FY24 original appropriation of \$81,469,100 and an FY25 original appropriation of \$82,497,300. They have the only supplemental that reverted ARPA funding with \$25.5M in federal funding. The line items are as follows:

Aquifer Monitoring and Measuring: \$716,000
Salmon Field Office Move: \$19,900
Laserfiche Conversion: \$90,000
Google Earth Computing Costs: \$41,100
GIS Mapping Licensing Increase: \$19,600

Idaho Department of Lands (IDL) has an FY24 original appropriation of \$86,205,900 and an FY25 original appropriation of \$94,241,300. The line items are as follows:

Fire Equipment East Idaho District: \$500,000
Fire Program Operating Increase: \$250,000
Tree Seeding Coolers: \$506,600
Fire Program Staffing: \$27,000
Good Neighbor Authority Staffing: \$641,200
Good Neighbor Authority Operating: \$2,000,000
Forestry Assistant Program Staffing: \$81,800
GIS Equipment: \$45,500
Administrative Staff Computers: \$25,200
Boise Vet Cemetery Land Purchase: \$3,950,000
Fire Suppression Deficiency Fund: \$17,000,000



The IDL Fire Suppression Deficiency funds projected net balance for year's end is \$59,834,573. The cash balance as of June 30, 2023, was \$38,204,100, the cash balance as of July 1, 2023, was \$106,920,000, and the cash balance as of October 31, 2023, was \$87,706,656. The total receivables still due to IDL for the 2020 to 2023 fire seasons is \$11,858,408, and the total payables obligation for the 2020 to 2023 fire seasons is \$39,730,491. IDL has conveyed that there is a slight lag in payments from COVID-19, but there is a standard three (3) year delay for the Fire Suppression Fund which is due in part to federal partners and working out who pays what.

Idaho State Department of Agriculture (ISDA) has an FY24 original appropriation of \$51,183,300 and an FY25 original appropriation of \$60,886,100. They are requesting \$627,900 in deficiency warrants for Mormon crickets. Ms. Jessup noted that these numbers do not reflect quagga mussel fees, the agency is not billing money against the deficiency funding as they had access to the emergency fund. But they are still determining the total fiscal impact. Their line items are as follows:

- Eastern Idaho Veterinarian: \$216,500
- Dairy Inspectors: \$287,600
- Seed Lab Personnel: \$90,300
- Idaho Preferred Operating Enhancement: \$67,500
- Storage Building Construction: \$1,500,000
- International Trade Support with Japan: \$60,000
- Resilient Food Systems Grant: \$6,184,900
- CEC for Fruit and Veggie Inspectors: \$160,800
- Honey Commission Increase: \$5,700
- Grazing Improvement Project: \$500,000

Rep. Tanner asked if the grant officer for DEQ is ongoing, Ms. Jessup stated this is ongoing in response to an increase in federal grants. He also asked about IDFG and the state website overhaul, Ms. Jessup stated part of the website is going to be unsupported and they need to create a phone-friendly version of the website. Rep. Tanner also asked about fire suppression and what exactly this entails, Ms. Jessup stated it is used for personnel and operating costs like fuel. Co-Chair Horman asked about the Recreation Council and infrastructure project line item for \$20M, Ms. Jessup stated they have felt the impact of inflation on these projects, and there were also emerging issues with water infrastructure and wells, and they need to address this issue. The Department is updating their list right now and will have the list and numbers finalized for session.

Christine Otto presented the budget for the Idaho Department of Correction. The FY24 original appropriation is \$358,296,700 and the FY25 original appropriation is \$372, 259,9000. The supplementals are as follows:

- Training Center and Equipment: \$679,700
- Atlas Hardware Upgrade: \$1,950,000
- COVID Health Monitoring: \$402,000
- Population Driven Costs: \$1,095,600
- Expand the Community Reentry Program: \$800,600
- Medical Contract Adjustments: (\$4,241,900)

Population-driven costs are as follows:

- County and Out-Of-State Placement Division
 - Supplemental: \$1,095,600
 - Line Item: \$1,923,700 ongoing
- Medical Services Division
 - Supplemental: (\$4,241,900)
 - Line item: (\$4,899,100)

These are decreased due to a revision of their medical contract and having a new contract.



IDOC is requesting eighty-four (84) new FTP and associated funding, the positions are as follows:

- 43 Reentry Positions
- 28 Positions Within the Prisons
- 6 Probation and Parole Officers
- 2 Behavioral Health Positions
- 3 Training and Development
- 1 Public Records

Brooke Dupree presented the Workforce Development Council budget. The FY24 original appropriation is \$54,565,800 and FY25 original appropriation is \$86,858,900. The line items are as follows:

- Launch Grants: \$70,763,900
- Launch Grants Personnel: \$223,800
- Energy Contractor Training: \$1,333,600
- ARPA Grants personnel: \$190,000

Alex Williamson presented the FY25 budget request for the Idaho Department of Health and Welfare Division of Medicaid. The FY24 original appropriation was \$4.68B. The Division of Medicaid had three supplementals which are as follows:

- Forecasted Onetime Recission: (\$92,897,600)
- Children's Behavioral Health Staff: \$131,400
- Electronic Records Incentive Program: (\$69,600)

Ms. Williamson explained the forecasted one-time recission has multiple factors that go into the Medicaid forecasted expense, such as caseloads, utilization for equipment, and more. The Division anticipates a fair amount of unused funds some of which are due to the delay of the Idaho Behavioral Health Plan, now expected to roll out in March of 2024. Within ARPA there are appropriations for home and community-based services, but they weren't used to the extent that was expected, following that are the changes that happened with the determination when the emergency funds ended. The \$92M is a number they calculate monthly, and it could change between now and the time they present during session. Ms. Williamson discussed how any unused funds and trustee benefits will revert and the division is prepared to give back halfway through the year if suggested by JFAC.

Moving into FY25, there are base adjustments that can be added to the recission. Ms. Williamson discussed the reason behind this approach being that by doing them at one-time transfers shows the incremental changes with the subtraction of one-time expenditures and additions into the recission. The FY25 original appropriation is \$4,716B, and the budget has the following line items:

- New Staff Division Wide: 60 FTP, \$6,013,700
- Children's Behavioral Health Staff: \$262,800
- Provider Rate Adjustments: \$66,818,200
- Increased Hospital Assessment
- ICF Rate Adjustment: \$8,418,000
- MMIS Current Vendor Annual Increase: \$2,806,800
- Postpartum Coverage
- Personal Care Services Case Mgmt.: \$4,400,000
- Phase 1- MMIS Procurement Year Two: \$132,378,000

Ms. Williamson explained the line item for Increased Hospital Assessment had a zero line across the funds is for pending legislation. The Division is also wondering why it wasn't as high as anticipated, they have seen ups and downs and there is a possibility the services will increase but for now, these are the numbers. Sen. VanOrden asked if it had anything to



do with the Behavioral Health Transformation Section 1115 Demonstration Waiver. Ms. Williamson replied she did not have an answer for her at the time.

Numerous committee members asked about the additional 60 FTP and why all at once. Ms. Williamson stated there was a report done on staffing needs and the Division reported they were highly understaffed. Sen. VanOrden asked if it was in the OPE report, which Ms. Williamson stated it was.

Rep. Tanner asked also why the FTP request was so high as there was a high number of cuts during the pandemic. Ms. Williamson said it is related to the cuts that happened in 2009 and the agency is working from a deficit. From her understanding, it was related to the dollar amount rather than the number of people. Rep. Tanner asked if there was pushback from the hospitals, Medicaid, or on the federal lever, and as he was interested in the provider increase and why certain ones were increasing. Ms. Williamson shared she would have to get back to him on it but did comment that the OPE report on the direct care workforce does highlight the hiring and retiring staff.

Sen. Herndon asked about the 60.00 FTP and if other items needed to be looked at instead of increasing staffing. Ms. Williamson was unsure and said she would have to get back to him. Sen. Herndon followed up asking if it was necessary or if claims were up and if services had increased; Ms. Williamson was unsure and would have to get back to him as well.

Sen. Cook asked about the same issue as he is on the Medicaid Taskforce which has been meeting regularly since the end of session. He said they with all the presentations and chances for communication not once did they hear that they were low on staff, as the Task Force was to determine whether to use the VCO or MCO model for Medicaid because the amount of people they have now is not adequate to monitor either. Ms. Williamson didn't have an answer at the time but would get back to him.

Co-Chair Grow congratulated Ms. Williamson and condemned her for taking on the big budget. He wanted to emphasize the risk of the \$58 million under the General Fund, listed under the FY25 base for the nondiscretionary adjustments. He relayed to the Committee some helpful information that the state of the idea is 70/30 with the Federal Government for Medicaid and 90/10 with the Federal Government for Medicaid Expansion. With the federal government decreasing their funds from 70% to 68%, it cost the state \$58M. Looking at the projection there could be a greater increase the state has to pay due to the Federal Government not funding as much. The state has gone from 10% to 30% it could be a \$240M increase, this shows why JFAC has to be careful with budgeting, not only for a recession, but what the federal government will do.

Christine Otto presented the Idaho State Police (ISP) budget request. She highlighted they have it budgeted into four separate divisions, Brand Inspection, the Division of the Idaho State Police, POST Academy, and the Racing Commission. She is only highlighting ISP, but wanted to explain how the funding was processed. The FY24 original appropriation was \$103,070,600 and the FY25 original appropriation is \$110,332,100. The budget has the following line items:

- Replacement Items Ongoing: \$4,652,700
- District 6 Furniture: \$567,400
- Instrument Maintenance Agreements: \$115,000
- IT Bandwidth: \$34,500
- HDA Fund Shift
- Microsoft 365 Licenses: \$48,300
- Radio Dispatch Consoles: \$200,000
- ILETS Sequel Server Licenses: \$23,900
- Federal Funds: \$3,734,600
 - Patrol Division: \$1,634,600
 - Forensic Division: \$2,100,000
- Budget Realignment: \$8,700



Ms. Otto highlighted the Department requested public safety replacement items as an ongoing instead of an annual replacement cycle. The biggest part is the fully equipped vehicles, but also includes pistols, motorcycles and gear, body armor, laptops for patrol cars, ammunition, and forensic equipment, Highways distribution shift is the next line item, this result from legislation passed when ISP used to receive 5% distribution from the Highway Distribution Account. In FY22 ISP's portion decreased 1% each year until they no longer receive a distribution. So, the line item is an increase of 40 FTP. Sen. Herndon asked about the \$1.6 million pass-through grant if it will go to different officers, and if there will be an advisory board to be set up. Ms. Otto shared that it would.

Frances Lippit presented to the Committee on the Permanent Building Fund Budget Request. For the FY25 Agency Capital Requests, there is a total of \$285 million through different groups and their ask, with them being:

- Idaho State University: \$111M
- Boise State University: \$36M
- Department of Correction: \$30.6M
- College of Southern Idaho: \$22M
- University of Idaho: \$18M
- North Idaho College: \$12M
- Lewis Clark State College: \$10.8M
- College of Western Idaho: \$10.3M
- Parks and Recreation: \$8.5M
- Idaho Educational Services for the Deaf and Blind: \$8.4M
- Department of Lands: \$5.5M
- College of Eastern Idaho: \$3.5M
- Military Division: \$3.1M
- Department of Education: \$1.3M
- Public Safety Communications: \$1.3M
- Secretary of State: \$933,000
- Division of Veterans Services: \$800,000
- Idaho State Police: \$713,000

Of all the requested amounts 82% would go towards education, 11% towards public safety, 5% to natural resources, and 2% general government, with the remaining less than 1% would be for Economic development. Ms. Lippit shared that the Advisory Council will meet next Tuesday, November 14, to recommend specific projects for funding and consideration. Lastly, she brought attention to two (2) additional fundings for these projects, the first being Veterans Homes Private Room Conversions for \$75M, and the other being an 848-bed female prison for \$112.4M. Rep. Tanner asked why IDPR and the Secretary of State are asking for funding through the Permanent building fund, Ms. Lippit answered that if they were unable to receive funding through the permanent building fund they would try to ask through their budget.