

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Friday, February 11, 2022

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Agenbroad, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye

Representatives Co-chairman Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash

ABSENT/ EXCUSED: Senators Crabtree and VanOrden (Bair)

CONVENED: **Co-Chairman Agenbroad** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:02 a.m.

AGENCY PRESENTATION: **IDAHO DEPARTMENT OF PARKS AND RECREATION (IDPR), Susan E. Buxton, Director; Rob Sepich, Legislative Services Office (LSO) Senior Budget and Policy Analyst**

Mr. Sepich explained this department has three budgeted programs:

1. Management Services, which includes fiscal support, pass-through grants for recreational programs, planning and development, information technology, registrations, and reservations;
2. Park Operations, which manages the 30 state parks and trails through six regions, and also manages boating and interpretive programs; and
3. Capital Development, which includes only the capital outlay appropriated for facility maintenance, repair, and construction.

He highlighted appropriations and expenditures from fiscal year (FY) 2018 through FY 2021, and that IDPR, due to the Capital Development program, uses a small amount of their appropriation each year mostly due to carryover since it takes a while for project completion. **Mr. Sepich** discussed that personnel costs were a large part of the budget request (see attachment 1). He informed the Committee there were no open audit findings.

Ms. Buxton presented the mission of IDPR is to improve the quality of life in Idaho through outdoor recreation and resource stewardship. It operates 30 parks and recreational trails, and manages boating, off-highway vehicles, snowmobiles, and nonmotorized trail programs. **Ms. Buxton** informed the Committee IDPR manages several outdoor recreation grant programs, which award an average of \$10 million annually, and summarized the economic impact of its programs is \$1.2 billion. She highlighted for every dollar of General Fund money invested, the state receives \$61 in economic activity. **Ms. Buxton** detailed IDPR's funding sources, prior year appropriation successes, FY 2022 supplemental requests and why they were needed, American Rescue Plan Act of 2021 (ARPA) projects' status, and the current significant challenges IDPR faces (see attachment 2).

DISCUSSION: In response to Committee questions, **Adam Zaragoza**, Management Services Administrator, IDPR, discussed the completion dates of the Eagle Island and Ashton-Tetonia Trail projects. **Ms. Buxton** elaborated on the Federal Land and Water Conservation Fund grants, last legislative session's bill H 93 relating to nonresident fee increases, and state fiscal recovery projects being completed with ARPA funding.

AGENCY PRESENTATION: **IDAHO DEPARTMENT OF FINANCE (IDOF), Patti Perkins, Director; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt explained IDOF regulates the financial sector in Idaho, including state-chartered financial institutions, lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers and lenders, investment advisors and sales personnel, collection agencies, endowed care cemeteries, and others. She reviewed the total appropriation and expenditures from FY 2018 through FY 2021 generally and detailed by fund, with the IDOF generally spending 97 percent of its appropriation (see attachment 3). **Ms. Lippitt** summarized the funding for IDOF's operations comes from those it regulates, primarily from license permit and notification fees, as well as examination and investigation fees, assessment fees, filing fees, forfeitures, and fines. She stated any amounts above 125 percent of the current year's appropriation in the beginning fund balance of the IDOF's primary fund, is transferred to the General Fund. She informed the Committee there were no open audit findings.

Ms. Perkins presented that IDOF supports the Governor's recommendation for its FY 2023 budget. She explained IDOF is organized into three bureaus that oversee or license 15 types of financial services companies, and an administrative services unit. They administer 21 statutes of Idaho Code representing 45 chapters of titles 26, 27, 30 and 67, which cover different financial services providers.

David Jensen, Supporting Services Bureau Chief and Fiscal Officer, IDOF, explained that IDOF is a dedicated fund agency, completely funded by assessments, fees, fines, and other activities, and for FY 2021 IDOF transferred \$7,700,186 back to the General Fund.

Ms. Perkins summarized IDOF's critical state functions and the challenges they face with the changing financial services landscape. She detailed its FY 2023 budget request (see attachment 4).

DISCUSSION: In response to Committee questions, **Ms. Perkins** discussed the request for computer upgrades and how the examiners need new computers every three years due to accreditation requirements and the kinds of programs they access. **Mr. Jensen**, discussed the three year requirement for mortgage, credit union, and bank examiners; and the emerging technologies in online banking activities.

AGENCY PRESENTATION: **IDAHO DEPARTMENT OF INSURANCE (IDOI), Dean Cameron, Director; Frances Lippitt, LSO Budget and Policy Analyst**

Ms. Lippitt explained the mission of the IDOI is to serve and protect Idahoans equitably, effectively, and efficiently by administering the Idaho Insurance Code and International Fire Code. It has two budgeted programs, the Insurance Regulation Division and the State Fire Marshal's Office. She stated for FY 2021 program expenditures totaled \$6 million towards the Insurance Regulation program and \$923,100 towards the State Fire Marshal. **Ms. Lippitt** discussed the average annual expenditure by fund for FY 2017 through FY 2021 explaining what each fund is responsible for (see attachment 5).

Mr. Cameron discussed the difficulties IDOI has had with attracting and retaining employees, though it now only has two vacancies. He reviewed that the IDOI regulates the insurance industry, insurance agents, investigates fraud and devastating fires, and provides customer service to those who are having difficulty dealing with an insurance company. **Mr. Cameron** reflected on IDOI being a major contributor to the General Fund through transfers of premium tax revenue. A total of \$113,733,751 in premium tax revenue was paid by insurance companies in lieu of income tax in FY 2021, and IDOI's operational costs are obtained from the fees charged agents and insurance carriers. He provided the background and details for the one supplemental request for \$25 million to be deposited into the Idaho High-Risk Reinsurance Pool to help lower insurance costs on the individual health insurance market. **Mr. Cameron** summarized their FY 2023 budget request.

DISCUSSION:

In response to Committee questions, **Mr. Cameron** discussed IDOI's consolidated information technology services and budget request for a server.

**AGENCY
PRESENTATION:**

EDUCATIONAL SERVICES FOR THE DEAF AND THE BLIND (IESDB), Brian Darcy, Administrator; Jared Tatro, LSO Deputy Division Manger

Mr. Tatro explained the final division of the Public Schools Support Program is the IESDB, whose goal is to assist school districts and state agencies in providing accessibility, quality, and equity to students with sensory impairments through a continuum of service and placement options. He stated for the current school year, the campus program is serving about 131 students aged 3 to 21, and the outreach program serves about 2,600 students from birth to 21. **Mr. Tatro** outlined the appropriations for the two programs net to \$11,781,400 from all funds, with the majority from the General Fund, and a small portion from their Endowment distribution. He summarized appropriations, by education program, for FY 2017 through FY 2022 (estimated) (see attachment 7).

Mr. Darcy presented that IESDB is a non-state agency and part of the Public Schools Educational Support Program's budget, with governance from its eight member board. He stated IESDB was 1 of 12 schools across the nation that operates as a dual school due to Idaho's low incidence population for the number of students with disabilities, who have a high need, and discussed how the services vary based on the child's need. **Mr. Darcy** spoke about IESDB's outreach program, what it is and the request tied to it, as well as its campus program with seven different regional offices / education centers. He detailed the Governor's specific recommendations for inflationary and maintenance adjustments, to increase endowment distributions, and IESDB's requests (see attachment 8).

DISCUSSION:

In response to Committee questions, **Mr. Darcy** discussed the need for teachers being available to meet with children in person, versus over Zoom due to COVID-19, clear masks, specific outreach fund-raising efforts, the 188 students on the wait list for services, and high case loads.

LSO STAFF PRESENTATION: **DEPARTMENT OF HEALTH AND WELFARE (DHW) SUPPLEMENTAL APPROPRIATIONS; Jill Randolph, LSO Senior Budget and Policy Analyst**

Ms. Randolph explained the three supplementals for Committee consideration are all within the Department of Health and Welfare, Division of Medicaid.

LSO STAFF PRESENTATION: **DHW FY 2022 SUPPLEMENTAL APPROPRIATION - RETROSPECTIVE SETTLEMENT; Jill Randolph, LSO Senior Budget and Policy Analyst**

Ms. Randolph explained this supplemental for retrospective payments-or retrospective settlements-look back over each contract period and adjusts the rates paid to the managed care providers based on actual member utilization costs and changes to health status, accounting for member eligibility, category grouping, and membership mix. She pointed out the amount requested is different due to some updated numbers from an actuary which then get adjusted with the providers themselves. **Ms. Randolph** described the retrospective settlements were a contractual obligation with managed care providers.

UNANIMOUS CONSENT: Requested by **Senator Riggs**, granted by unanimous consent, the FY 2022 budget for the Department of Health and Welfare, Division of Medicaid was reopened.

MOTION: Moved by **Senator Riggs** for FY 2022, for the Department of Health and Welfare, in the Enhanced Medicaid Program, an additional \$10,553,500 from the Cooperative Welfare (General) Fund, and an additional \$27,446,500 from the Cooperative Welfare (Federal) Fund, for a total increase of \$38,000,000 in one time trustee and benefit payments; seconded by **Representative Troy**.

CARRIED: **AYES: 16**
Senators Agenbroad, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, and Nash

NAYS: 2
Representatives Giddings and Nate

ABSENT/EXCUSED: 2
Senators Crabtree and VanOrden

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Agenbroad**.

LSO STAFF PRESENTATION: **DHW FY 2022 SUPPLEMENTAL APPROPRIATION - EXPANSION HELD PAYMENTS; Jill Randolph, LSO Senior Budget and Policy Analyst**

Ms. Randolph explained this supplemental is for the Medicaid Expansion Program (MEP), and at the end of FY 2021, which closed in June, there were 17 days that the MEP had to hold payments to providers due to having insufficient appropriation funds since MEP was unable to receive or transfer money from the other three programs in the division of Medicaid. She stated MEP paid the outstanding bills with the current year appropriation. This is known as a hole in the budget and must be filled in order meet the current forecasted expenditures for the current FY.

MOTION: Moved by **Senator Lent** for FY 2022, for the Department of Health and Welfare, in the Expansion Medicaid Program, an additional \$1,745,00 from the Cooperative Welfare (General) Fund, and an additional \$15,755,400 from the Cooperative Welfare (Federal) Fund, for a total increase of \$17,500,400 in one time trustee and benefit payments; seconded by **Representative Nash**.

CARRIED: **AYES: 16**
Senators Agenbroad, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Green, and Nash

NAYS: 2
Representatives Giddings and Nate

ABSENT/EXCUSED: 2
Senators Crabtree and VanOrden

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Agenbroad**.

LSO STAFF PRESENTATION: **DHW FY 2022 SUPPLEMENTAL APPROPRIATION - PUBLIC HEALTH EMERGENCY; Jill Randolph, LSO Senior Budget and Policy Analyst**

Ms. Randolph explained this one time reduction amount from the General Fund and one time increase from federal funds reflects the impact of the enhanced 6.2 percent federal medical assistance percentage that is granted to the states through the Families First Coronavirus Response Act, which was signed March 2020. This additional 6.2 percent is in the traditional Medicaid program for the basic, enhanced, and coordinated plans. She informed it is now known that the entirety of the current FY will be covered by the 6.2 percent increase which is reflected in the amount the Department knows they will not utilize from the General Fund, and the amount they will need to cover that enhanced 6.2 percent in federal funds.

MOTION: Moved by **Representative Amador** for FY 2022, for the Department of Health and Welfare, in the Enhanced Medicaid Program, a reduction of \$142,943,800 from the Cooperative Welfare (General) Fund, and an additional \$93,809,300 from the Cooperative Welfare (Federal) Fund, for a total impact of a reduction of \$49,134,500 in trustee and benefit payments; seconded by **Senator Cook**.

CARRIED:

AYES: 18

Senators Agenbroad, Grow, Woodward, Lent, Riggs, Cook, Ward-Engelking, and Nye
Representatives Youngblood, Troy, Horman, Amador, Syme, Bundy, Giddings, Nate, Green, and Nash

NAYS: 0

ABSENT/EXCUSED: 2

Senators Crabtree and VanOrden

The majority having voted in the affirmative, the motion passed and without objection carried a **DO PASS** recommendation. Having heard no objection, it was so ordered by **Co-Chairman Agenbroad**.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Agenbroad** adjourned the meeting at 10:45 a.m.

Senator Agenbroad
Chair

Erin Miller
Secretary