

MINUTES  
**JOINT FINANCE-APPROPRIATIONS COMMITTEE**

**DATE:** Thursday, January 11, 2024  
**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-Chair Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Green  
**ABSENT/ EXCUSED:** None

**Co-Chair Horman** called the meeting to order at 8:01 a.m.

**Co-Chair Horman** explained the JFAC oversight hearing on audits is occurring earlier in the session this year. This allows members to know the agencies with uncorrected findings which could require corrective action through the appropriation process, intent language, or in other ways. She reminded the committee legislative statute grants JFAC the ability to hear all audits at the beginning of the budget setting process, rather than agency by agency.

**Ms. April Renfro**, Division Manager, LSO Audits, gave an update on state agencies undergoing audits. She reviewed the scope of work the Audit Division performs and the different reports the Audit Division provides to JFAC and state agencies. She explained the audit process and specified all follow-up on prior findings must be completed by the auditee, then reviewed by the auditor for accuracy.

**Ms. Renfro** focused on uncorrected findings and outstanding issues. She highlighted examples of agencies with repeat findings, findings without corrective action plans, and other significant issues.

**Co-Chair Horman** recognized and welcomed **Mr. Dean Cameron**, Interim Director of the Department of Health & Welfare. She thanked him for his communication about making improvements at the agency and progress toward bringing it into compliance. She looked forward to this information being incorporated into a corrective action plan with a timeline to implementation.

In response to a committee question, **Ms. Renfro** specified an agency's management determines a corrective action plan to address audit findings. The LSO Audit Division will work with the agency as it develops a corrective action plan, then issue a formal auditor's response to the agency's completed plan.

**Ms. Renfro** reviewed significant findings for the Division of Occupational and Professional Licenses (DOPL). She reviewed **S 1201** from the previous legislative session, which added intent language to statute to address the findings. The Audit Division was not satisfied DOPL fully complied with the requirements provided in the intent language. She offered some additional analysis on the DOPL report and areas of concern.

**Co-Chair Horman** reminded the committee the term "intent language" is actually the law and compliance is not optional. She stated findings are referred to the Attorney General in the rare instances of potential misuse of public funds. Generally, legislators are the judge and jury to make sure these findings get corrected. The committee has worked extensively with DOPL to correct these problems and will continue to do so.

In response to a committee question, **Ms. Renfro** explained the fines assessed by DOPL are made up of each individual board's rules and processes. She stated DOPL uses these funds to finance further education to correct and prevent problems. However, these fines have generated excessive cash balances, which may conflict with various statutes.

**Ms. Renfro** also reviewed additional older uncorrected findings for various state agencies.

**Co-Chair Horman** reminded the committee it is incumbent on every member to work with the audit team and state agencies to correct problems.

**Co-Chairman Grow** expressed appreciation for Audit Division staff and their work. He reminded committee members of their responsibility to ensure monies are properly spent according to the law; auditors help agencies and legislators accomplish this work.

**Mr. Tim Hibbard**, Senior Analyst, LSO Budget & Policy, reviewed the Statewide Cost Allocation Plan (SWCAP) statute. SWCAP is used to recoup costs for services provided by central services agencies, such as the Attorney General's Office, the State Controller's Office, and the State Treasurer's Office. SWCAP requires each Idaho agency to prepare and submit a cost allocation plan so state entities are billed fairly and equitably. Mr. Hibbard explained how costs are measured and recovered through SWCAP.

**Ms. Christine Otto**, Principal Analyst, LSO Budget & Policy, explained four components to Employee Compensation in Idaho Code §67-5309C. She noted the Division of Human Resources (DHR) recommended an average of 3.7% increase to the salary structure for Public Safety, IT/Engineering, and Nursing/Healthcare.

**Ms. Otto** reviewed ten different positions with payline exceptions. Payline exceptions are job classes with approvals to be paid in a higher pay grade due to recruitment or retention issues. Before the new pay structure was implemented, there were 28 exceptions; now there are ten. From a funding standpoint, there is a \$0 impact to the FY 2025 budget, because these salaries are already in the agencies' budgets.

**Ms. Otto** explained the largest portion of benefit costs is health insurance. In response to committee questions, she reviewed scenarios if medical/dental costs are higher than projected costs and how it will affect the reserve fund balance.

**Ms. Otto** also reviewed the merit-based increase in salary. She explained agencies are required to have a 1% placeholder Change in Employee Compensation (CEC) in the Legislative Budget Book (LBB), pending the actual decision made by the legislature. This placeholder helps in planning future budgets. The FY 2025 Governor's recommendation for CEC is 3%.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:32 a.m.

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Representative Horman  
Chair

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Alyson Jackson  
Secretary