

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, February 28, 2024
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Herndon, Ward-Engelking, and Just
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Mickelsen (Furniss), Handy, Lambert, Petzke, Humphreys (Tanner), and Green
ABSENT/ EXCUSED: Senators Adams
CONVENED: **Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at 8:00 a.m.

LSO STAFF PRESENTATION: **LEWIS CLARK STATE COLLEGE, LBB 1–65; Keith Bybee, Division Manager, LSO Budget and Policy Analysis**

Mr. Bybee presented the Base Review for Lewis-Clark State College including organizational structure and budget detail (see, attachment 1). Lewis-Clark State College, located in Lewiston, is a regional state college offering undergraduate and graduate instruction in the liberal arts and sciences, professional areas tailored to the educational needs of Idaho, and applied technical programs which support the state and local economy. The college emphasizes business, criminal justice, nursing, social work, teacher preparation, and career technical education. The college also provides select programs offered on and off campus at non-traditional times, using non-traditional means of delivery and serving a highly diverse student body. Lewis-Clark State's graduate program offerings include certificates in coaching and nursing management & leadership.

He provided the FTP amount of 344.22 for Lewis-Clark a comparison of FTP with other colleges. He reviewed the Consolidated Fund Analysis for FY 21 – FY 25 showing amounts for the Unrestricted (Tuition and Fees) Fund including reappropriated funds. The FY 25 estimate showed a \$ 46.9 M free fund balance, and those funds are obligated for other purposes. He reviewed the Five-Year Appropriations and Expenditures for FY 20-FY 24, emphasizing the big drop from FY 23 to FY 24. He then went over the FY 21-FY 25 Consolidated Fund Analysis with amounts for the Unrestricted (Tuition and Fees) Fund not including reappropriated funds and the Five-Year Appropriations and Expenditures with amounts not including tuition and fees.

He showed the FY 23 Expenditures broken out by percentages including Personnel Costs of \$35,667,423 (81.7%), operating expenditures of \$7,537,890 (17.3%) and Capital Outlay of \$425,300 (1.0%). In reviewing the Five-Year Base Snapshot for FY 20 – FY 24, he stated in FY 20 there was a 2% budget reduction, FY 21 Base reduced by 1.7%, FY 22 base increased by 1.2%, FY 23 had a 5.5% change increase, and FY 24 included a 5.2% increase Base change. The FY 23 Budget Enhancements totaled \$625,500 including: Occupancy

costs of \$155,500, LCSC Non-Traditional Learners of \$323,200, LCSC Cybersecurity Compliance of \$91,600, LCSC Title IX Support of \$66,600, and All Institutions Chief Audit Executive line item reduction of -\$11,400.

The FY 24 Budget Enhancements totaled \$379,700 including: Gov. Initiative Institution Funding of \$370,100 and DHR Consolidation of \$9,600. The FY 25 Budget Request (supplementals & enhancements) totaled \$494,900 including: \$440,200 for Occupational Capacity Enhancement and \$54,700 for Enrollment Workload Adjustment.

DISCUSSION:

Cynthia Pemberton, Lewis Clark State College stood to answer questions from the Committee.

In response to a question from **Representative Raybould** about how student demographics have impacted planning, President Pemberton stated a significant portion of Lewis-Clark students are part time and explained that Lewis-Clark State College is unique as an institution, with a higher percentage of low-income and high financial need students, stating 48% of students are caregivers. President Pemberton and her team utilize an enrollment based financial modeling every year in order to provide extensive operating budget detail at anytime throughout the year. President Pemberton stated Lewis-Clark runs a balanced budget employs a budgeting model to allow for micro adjustments throughout year. She also stated Lewis-Clark helps students stay on track and make progress by providing tailored student support.

In response to a question from **Senator Just** about Idaho Launch, President Pemberton stated that 474 prospective students have indicated they want to use Launch funds with 211 prospective students having taken the steps to use Launch. President Pemberton stated that student enrollment will also be impacted by the change in FAFSA criteria (requiring new assets to be included in FAFSA calculations), and Launch funds will help fill the financial aid for students. President Pemberton also stated 60% of Launch applicants are women, and 40% of applicants are men.

In response to a question from **Senator Ward-Engelking**, President Pemberton provided detail about the Orofino prison Associate Degree education program efforts to expand education to other prison facilities. In response to questions from Senator VanOrden and Senator Grow about online learning, President Pemberton stated Lewis-Clark State College has a robust online presence throughout Idaho and has 20 fully online programs allowing students to take online classes from various locations.

In response to a question from **Representative Petzke** regarding the Permanent Building Fund, President Pemberton stated investment is needed for the 131 year old campus. Included within deferred maintenance for the prior year were Hvac, fire systems ,and electrical improvements. Going forward, President Pemberton stated the request for \$6.1 million relates to investment for new mechanical technical buildings for the following applications: welding, diesel, and collision repair.

In response to a question from **Representative Miller** regarding Idaho Launch, President Pemberton stated that 1/3 of Launch applicants are looking at career

technical training, with 2/3 will focusing on nursing, education, and other college coursework. President Pemberton stated that Lewis-Clark has the ability to expand the nursing program capacity and expand the productivity and production of Idaho nurses within the Idaho healthcare system.

In response to a question from **Co-Chair Horman** about how CEC investments have impacted Lewis-Clark, President Pemberton stated that her team has conducted a salary analysis showing a \$4,000-\$8,000 delta between Lewis-Clark faculty and K-12 teacher salaries, with Lewis-Clark faculty on the lower end. In addition, Lewis-Clark faculty make \$20,000 less per year compared with its sister colleges. Co-Chair Horman requested data showing this detail.

In response to a question from **Co-Chair Grow** about why individuals come to Lewis-Clark as faculty when there is lower pay, President Pemberton stated that Lewis-Clark faculty want to teach and are often first generation students from low income households with a desire to contribute back, and believe in what they doing and accomplishing.

In her closing remarks, **President Pemberton** stated Lewis-Clark State College serves 8,000 learners with its budget and has native students from Idaho tribes, veterans, and military students. Lewis-Clark offers GED, Career Technical, Associates Degrees, Bachelors degrees, and graduate certificates. Lewis-Clark has formed partnerships with North Idaho College to create a Bachelors Degree in Health Sciences for Dental Hygiene students; and the program is accessible and affordable, costing \$2,000 less per year average than similar programs. She stated graduation rates are up and Lewis-Clark is partnering with Idaho State University (ISU) to provide Physician Assisting programs at Lewis-Clark under the accreditation umbrella at ISU. President Pemberton stated that for every \$1 invested in Lewis-Clark education, \$7 is returned to the Idaho economy and stated that she wants Lewis-Clark to have an even shot in producing for the state of Idaho.

**LSO STAFF
PRESENTATION:**

**UNIVERSITY OF IDAHO, LBB 1–65; Keith Bybee, Division Manager,
LSO Budget and Policy Analysis**

Mr. Bybee presented the Base Review for University of Idaho including organizational structure and budget detail (see, attachment 2). The University of Idaho, located in Moscow, is a land-grant institution committed to undergraduate and graduate research education with extension services responsive to Idaho and the region's business and community needs. The university is also responsible for regional medical and veterinary education programs in which the state of Idaho participates. The University of Idaho emphasizes agriculture, natural resources, metallurgy, engineering, architecture, law, foreign languages, teacher preparation, and international programs.

The University of Idaho has 1328 allocated FTP. He provided the Consolidated Fund Analysis for FY 21 – FY 25, stating the amounts for the Unrestricted (Tuition and Fees) Fund are not deposited in the Idaho State Treasury and are retained and managed by the University of Idaho consistent with the institution's land grant authority. He provided the Five-Year Appropriations and Expenditures for FY 20 – FY 24.

He outlined the FY 23 Expenditures broken out by percentage including: Personnel Costs of \$140,491,000 (73.2%), Operating Expenditures of \$46,061,600 (24.0%), Trustee and Benefits of \$2,946,800 (1.5%), and Capital Outlay of \$2,323,700 (1.2%).

He provided the Five-Year Base Snapshot for FY 20 – FY 24, stating the original appropriation for the University of Idaho was 55.7% General Fund and 44.4% Dedicated Funds in FY 24. The FY 23 Budget Enhancements totaled \$677,800 including: UI McClure Center Enhancement of \$279,500, All Institutions Chief Audit Executive reduction of -\$59,200, All Institutions Risk Manager reduction of -\$52,000, and Nuclear Engineering Program Support of \$509,500. The FY 24 Budget enhancements included \$1,816,500 for Gov. Initiative Institution Funding, and -\$390,100 Audit Staff Transfer for BSU, ISU and UI.

The FY 25 budget request totaled \$2,191,700 including: Operational Capacity Enhancement of \$2,139,100, Transfer Risk Managers to OSBE reduction of -\$248,400, and Enrollment Workload Adjustment of \$301,000.

DISCUSSION:

C. Scott Green, University of Idaho President stood to answer questions before the Committee.

In response to a question from **Senator Ward-Engelking** about the programs at U of I that contribute to the high graduation rate, President Green stated total enrollment at U of I is up 10%, with the fastest growing areas being cybersecurity, agriculture and natural resources. Cybersecurity professionals help protect critical infrastructure from malicious action. The U of I Cybersecurity program has tripled in enrollment and funding is requested to meet the growth.

In response to a question from **Senator Burtenshaw** regarding the permanent building fund request, President Green stated the \$2 million request is for the meat science innovation center.

In response to a question from **Co-Chair Grow**, President Green discussed the need for more mental health providers in the state and provided information on the Doctor of Clinical Psychology program at U of I.

In response to a question from **Senator Lent** regarding a recent article about funneling money to a former employer, President Green stated there he has no continued financial interest in the law firm chosen to represent the U of I and the firm was hired for expertise in regulatory practices and mergers and acquisitions.

In response to a request by **Representative Tanner** for a list of all expenditures for consultants, President Green stated he can provide the information to the Committee.

Representative Tanner asked if President Green had reviewed the Legislative Services letter addressing the statutory authority of the State Board of Education in regards to the University of Phoenix acquisition, President Green stated his team relies on constitutional law experts and strongly recommends outside counsel and a specialist. President Green stated regret that he did not meet with

the Legislature sooner in acquisition discussions, but has since had several meetings with legislators, responded to all questions, trying to be as transparent as possible, and strongly believes the risk of the acquisition is low and the acquisition is in the best interest of Idaho. this is in best interest in state of Idaho.

In response to a question from **Representative Miller** about the University land grant and forestry and mining resources through Idaho, President Green spoke to appropriation for a new nuclear facility, the University's involvement with INL, and new efforts with micro-reactors and strategic minerals. He stated a high demand for educated engineers that understand mining and can do it safely. The U of I has invested millions in forestry equipment and has added two Associate Degrees within the Forestry Department.

Co-Chair Horman stated she did not agree with any criticism of the legislature's attorney. Senator Ward-Engelking objected to Co-Chair Horman's statement. Co-Chair Horman thanked President Green for his work and stated there have been many discussions regarding the financial risk of the Phoenix deal.

In response to a request from **Co-Chair Horman**, President Green provided detail for listings of potential legal exposure, including claims by students for tuition forgiveness. He also discussed balance sheet cash amounts to cover potential exposure and risk management as part of operating expenses.

In response to a question from **Co-Chair Horman** about potential multi-notch bond downgrades, President Green stated he does not believe it will result in a downgrade.

Co-Chair Grow expressed concern the legislature had not been involved throughout the process, and there was potential risk to the state if there was a bond downgrade and asked for detail on expected acquisition timing. President Green stated his team hopes to go to market in May, 2024 and stated he does not agree there is risk to state as the bonds issued would be backed by revenue from the University of Idaho and are the obligation of university and not the state of Idaho. Co-Chair Grow stated the very fact the state of Idaho triple AAA rating is being questioned shows risk to the state of Idaho.

President Green expressed appreciation for the Committee's consideration of the budget and stated the University of Idaho is a responsible steward of funding.

ADJOURNED:

There being no further business before the Committee, **Co-Chairman Grow** adjourned the meeting at 9:46 a.m.

Senator Grow
Chair

Linsy Heiner
Secretary