

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 31, 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 8:00 a.m.

Mr. Keith Bybee, Division Manager, LSO Budget & Policy, gave an overview of the Legislative Services Office (LSO) and explained the organizational structure of the agency.

Mr. Bybee reviewed the sources and purposes of the dedicated funds LSO uses to provide support to the work of the Legislature. He explained Professional Services billings lag three to four years behind the current fiscal year. He explained LSO is supported mainly by the General Fund.

Mr. Bybee reviewed the five-year appropriations and expenditures of the agency. He explained the FY 2023 increase in estimated expenditures utilized ARPA funding to update and modernize infrastructure for the agency. The reappropriation for the Professional Services Fund was not approved in FY 2023 because of the large difference between estimated expenditures and actual expenditures.

Mr. Bybee reviewed the FY 2023 and FY 2024 budget enhancements for the agency. He then explained the FY 2025 budget requests for staff recruitment and retention and legal services. In response to committee questions, Mr. Bybee gave further explanation about the purpose of the Capitol Facilities Fund.

Ms. Terri Kondeff, Director of the Legislative Services Office, answered committee questions about the budget requests for recruitment and retention funding.

Co-Chair Horman recognized the role of auditors in achieving the goal of a more transparent and accountable budget process.

Ms. Brooke Dupree, Analyst, LSO Budget & Policy, gave an overview of the Department of Insurance, which has two budgeted divisions: the Insurance Regulation Division and the State Fire Marshal Division.

Ms. Dupree explained the sources of and distributions from various dedicated funds associated with the agency. She pointed out the Department had no FY 2023 budget enhancement; the FY 2024 enhancement was related to the Division of Human Resources (DHR) realignment. Ms. Dupree explained the Department's FY 2025 budget request for FTPs and replacement items.

Mr. Dean Cameron, Director of the Department of Insurance, answered committee questions. He explained the projected FY 2025 balance for the Arson, Fire and Fraud Prevention fund.

Dir. Cameron reminded the committee the Department receives no General Funds. The budget consists of dedicated funds sourced from licensed insurance agents and insurance companies and by fees collected by the State Fire Marshal. The agency has experienced a dramatic increase in the number of fire investigations and inspections. Without additional personnel, the Department relies on overtime to ensure investigations are not slowing building permits.

In response to committee questions about the increased workload, **Dir. Cameron** stated the number of fires, both wildfire and structure fire, has increased. He explained the Department only investigates when called in by local fire departments or when there is a fatality. He further stated the Department collaborates with local and federal law enforcement to investigate the cause of fire.

In response to a committee question, **Dir. Cameron** explained the Department regulates entities required to be licensed by the State; therefore, self-funded insurance plans are not typically under its purview. However, the Department will engage with self-funded plans offered through governments to protect consumers and citizens.

In closing remarks, **Dir. Cameron** reminded the committee the insurance industry is vital to the economic viability of the State; a strong Idaho insurance accreditation system is critical to the success of Idaho businesses.

Ms. Dupree gave an overview of the Industrial Commission, which is charged with administering the Idaho Workers' Compensation Law. The agency has three budgeted programs: the Compensation Program, the Rehabilitation Program, and the Crime Victims Compensation Program.

Ms. Dupree reviewed the sources of the various dedicated funds associated with the Commission. She explained the reversions due to the IRIS Technology Modernization Program contract. IRIS is the Industrial Commission's Redesigned Information System, which replaces paper-dependent administrative processes with digital solutions. The Commission was appropriated the full amount of the contract, but it will not complete payment until the work is finished. This is a partial explanation for the difference between estimated expenditures and actual expenditures.

Ms. Dupree reviewed the Commission's FY 2023 and FY 2024 budget enhancements. She then explained the Commission's FY 2025 budget requests. These include IRIS technology modernization costs, computer engineer support, software, and other items.

Mr. George Gutierrez, Director of the Department of the Industrial Commission, answered committee questions about the IRIS software update.

In response to a committee question, **Ms. Patti Vaughn**, Manager of Benefits Administration in the Industrial Commission, stated approximately two-thirds of policyholders participate in the Idaho Workers' Compensation insurance program; the remainder have chosen privately funded programs.

Dir. Gutierrez answered committee questions about the IRIS software update. He stated the FY 2025 budget requests will further increase efficiencies and add more workflows, transparency, and data analytics to better serve clients in the workers' compensation system. He further explained the request for software maintenance costs will allow the Office of Information Technology Services (OITS) to gain technical expertise with the Microsoft Dynamics software. In future, the Commission expects those maintenance costs to decrease as OITS relies less on Microsoft Dynamics support services.

In response to another committee question, **Dir. Gutierrez** reviewed the hearing process for workers' compensation claims.

Ms. Frances Lippitt, Analyst, LSO Budget & Policy, gave an overview of the Division of Veterans Services. She explained the sources of the Division's dedicated funds. The Division is projecting declining revenues in the Miscellaneous Revenue Fund, which will result in a negative balance at the end of FY 2025 if the full appropriation is expended.

Ms. Lippitt reviewed the FY 2023 and FY 2024 ongoing and onetime budget enhancements for the Division. She explained the FY 2025 budget requests related to veterans home replacements, renovations, and leases, and replacement items for veterans homes across the state.

Mr. Mark Tschampl, Chief Administrator of the Idaho Division of Veterans Services, gave an update on construction plans for the Boise Veterans Home. He cited a 25% increase in veteran claims, which means additional veterans benefit dollars to the State.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:33 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary