

Topic: Public Education Stabilization Fund, Information Required per §33-1018C, Idaho Code

Date: January 13, 2020

Analyst: Jared Tatro, Principal Budget and Policy Analyst, Legislative Services Office

*Senate Bill 1041 of 2017 added Section 33-1018C, Idaho Code, which requires the Joint Finance Appropriations Committee to **consider** a transfer into the Public Education Stabilization Fund (PESF) in the same amount as the current year withdrawal from that same fund. The FY 2020 withdrawal was \$32.3 million, and the current cash balance is \$61.2 million.*

Background: Because the appropriation to the Public School Support Program is built on numerous program estimates, PESF was created by H463 of 2003 to stabilize payments to school districts and charter schools when there are either instances of downturns in the economy or higher than expected expenditures. For example, if insufficient funding is available in the annual public school appropriation at the end of the fiscal year, then funds are withdrawn from PESF to meet those obligations. Conversely, if there is more funding than necessary in the appropriation, then a deposit is made into the fund. Both of these scenarios have happened since the fund was created, with the largest single withdrawal of \$85.1 million in FY 2009 during the last recession. Withdrawals typically happen in years of relatively large increases in student population and deposits typically happen when fewer than expected students enroll in Idaho schools. Other than deposits to PESF due to excess appropriation, there is no automatic transfer of moneys into the fund. The PESF balance peaked in FY 2008 at \$112,046,100; the balance as of 1/8/2021 is \$61,226,200.

FY 2020 Withdrawal: In July of 2020, \$31,131,800 was withdrawn from PESF to allow the State Department of Education to make full payments to school districts and charter schools in FY 2020. This withdrawal was largely driven by career ladder salaries and benefits at \$12.2 million; transportation costs with a variance of \$10.6 million; increased participation in the advanced opportunities programs with a variance of \$5.2 million, and the Charter School Facilities at \$1.1 million. In August of 2019, \$1,148,800 was also withdrawn from PESF to cover shortfalls in Bond Levy Equalization payments.

Code Section References:

- Section 33-907, Idaho Code, Public Education Stabilization Fund Created
- Section 33-1018, 1018A, and 1018B, Idaho Code, Purposes/Uses of the Fund
- Section 33-1018C, Idaho Code, Replacement Funds
- Section 33-1009(4), Idaho Code, Payments from the Public School Income Fund, Relating to Insufficient Balances in the Fund

Fund Balance History: Legislative Budget Book, page 31

FY 2021 Governor Recommendation: The Governor is recommending a cash transfer from the General Fund to PESF to restore \$31.1 million of the amount withdrawn for FY 2020.

Analysis of Deposits/Withdrawals from the Public Education Stabilization Fund (PESF) for FY 2016 - FY 2020

1/12/2021

| STATUTORY EXPENDITURES | | 2016 | 2017 | 2018 | 2019 | 2020 | Net-Total (2016-2020) | % of Total Column |
|-----------------------------------|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------|----------------------|
| 1 | Transportation | \$2,660,131 | \$1,183,005 | (\$2,206,539) | (\$8,393,764) | (\$10,641,017) | (\$17,398,184) | (16.3%) |
| 2 | Border Contracts | (\$77,833) | \$135,456 | \$87,523 | (\$141,803) | (\$413,795) | (\$410,453) | (0.4%) |
| 3 | Exceptional Contracts & Tuition Equivalents | \$80,351 | (\$54,365) | \$112,106 | (\$87,097) | \$15,429 | \$66,424 | 0.1% |
| 4 | SBA - Admin/Classified Salaries | (\$1,977,729) | (\$690,341) | \$78,413 | (\$1,028,309) | (\$782,554) | (\$4,400,520) | (4.1%) |
| 5 | SBA - Admin/Classified Benefits | (\$708,961) | \$7,647 | (\$361,339) | (\$89,419) | (\$15,563) | (\$1,167,633) | (1.1%) |
| 6 | Career Ladder Salaries | (\$4,040,674) | (\$8,898,131) | (\$2,816,816) | (\$12,600,330) | (\$10,723,644) | (\$39,079,596) | (36.7%) |
| 7 | Career Ladder Benefits | \$854,445 | \$484,551 | \$668,508 | (\$1,808,965) | (\$1,443,525) | (\$1,244,987) | (1.2%) |
| 8 | Unemployment | \$219,027 | (\$515,049) | (\$537,254) | (\$439,138) | (\$465,224) | (\$1,737,638) | (1.6%) |
| 9 | Program Adjustments | (\$276,410) | (\$1,396,465) | (\$1,249,621) | (\$1,416,182) | (\$779,037) | (\$5,117,715) | (4.8%) |
| 10 | Review of Career Ladder Teacher Evals | \$175,597 | \$0 | \$0 | \$0 | \$0 | \$175,597 | 0.2% |
| 11 | Master Educator Premiums | \$0 | \$0 | \$0 | \$0 | \$918,451 | \$918,451 | 0.9% |
| 12 | Leadership Premiums | (\$953,620) | (\$773,110) | (\$436,969) | (\$524,925) | (\$404,005) | (\$3,092,629) | (2.9%) |
| 13 | Teacher Incentive Award (Natl Board Cert) | \$32,894 | \$32,894 | \$54,309 | \$49,550 | \$58,907 | \$228,555 | 0.2% |
| 14 | Bond Levy Equalization Support | \$0 | \$0 | \$0 | \$0 | (\$1,148,776) | (\$1,148,776) | (1.1%) |
| 15 | Charter School Facilities | (\$918,661) | (\$1,094,809) | \$0 | (\$473,677) | (\$1,067,085) | (\$3,554,231) | (3.3%) |
| 16 | Idaho Digital Learning Academy (IDLA) | (\$405,877) | (\$150,030) | (\$796,521) | (\$987,563) | (\$153,221) | (\$2,493,212) | (2.3%) |
| 17 | School Facilities Maintenance Match | (\$183,064) | (\$185,862) | \$0 | \$55,494 | \$1,756,607 | \$1,443,175 | 1.4% |
| 18 | Advanced Opportunities | \$1,184,103 | (\$7,396,540) | (\$9,496,496) | (\$4,074,551) | (\$5,201,591) | (\$24,985,076) | (23.4%) |
| 19 | Math & Science Requirement | (\$352,156) | (\$432,433) | (\$500,068) | (\$91,299) | \$260,925 | (\$1,115,031) | (1.0%) |
| 20 | Cont. Improvement Plans & Training | \$423,545 | \$473,697 | \$359,604 | \$169,920 | \$266,861 | \$1,693,626 | 1.6% |
| 21 | Mastery Based Education | \$254,082 | \$5,120 | \$66 | \$0 | \$221,239 | \$480,507 | 0.5% |
| 22 | Online Class Portal | \$149,919 | \$40,000 | \$3,600 | \$10,000 | \$0 | \$203,519 | 0.2% |
| 23 | Literacy Intervention | \$0 | \$0 | \$112,084 | \$28,598 | \$0 | \$140,682 | 0.1% |
| 24 | Innovation Schools | \$0 | \$50,000 | \$100,000 | \$100,000 | \$0 | \$250,000 | 0.2% |
| NON-STATUTORY EXPENDITURES | | | | | | | | |
| 26 | Technology | \$0 | \$0 | \$112,128 | \$0 | \$0 | \$112,128 | 0.1% |
| 27 | WiFi Infrastructure | (\$16,213) | \$132,711 | \$0 | \$0 | \$0 | \$116,498 | 0.1% |
| 28 | IMS Maintenance | \$609,055 | \$0 | \$0 | \$0 | \$0 | \$609,055 | 0.6% |
| 29 | Student Achievement Assessments | \$0 | \$169,238 | \$217,391 | \$817,384 | \$0 | \$1,204,012 | 1.1% |
| 30 | Math Initiative /IRI / Remediation | \$824,302 | \$282,332 | \$166,268 | \$235,649 | \$304,035 | \$1,812,586 | 1.7% |
| 31 | LEP | \$3,757 | \$8,367 | \$31,719 | \$2,106 | \$19,099 | \$65,047 | 0.1% |
| 32 | Eval/Train/Dvlpmnt of Admin & Teachers | \$132,427 | \$112,027 | \$0 | \$0 | \$0 | \$244,454 | 0.2% |
| 33 | Professional Development | \$0 | \$20,647 | \$0 | \$57,524 | \$1,121,585 | \$1,199,757 | 1.1% |
| 34 | Content and Curriculum | \$179,441 | \$4,800 | \$0 | \$352,232 | \$4,755 | \$541,228 | 0.5% |
| 35 | Discretionary | (\$2,133,880) | (\$3,429,754) | (\$336,727) | (\$1,276,802) | (\$3,989,403) | (\$11,166,566) | (10.5%) |
| 36 | TOTAL PESF Impact (Withdraw) / Deposit | (\$4,262,002) | (\$21,874,399) | (\$16,634,632) | (\$31,555,366) | (\$32,280,548) | (\$106,606,947) | (100.0%) |

SOURCE: Data provided by the Department of Education and reconciled with data from the State Controller's accounting system.