

STATEMENT OF PURPOSE

RS19089

This legislation makes a number of changes relating to public school finances that will enable the state and school districts to better manage state funding reductions in the public schools budget. The legislation revises provisions in the Early Retirement Program, beginning in March, 2009, and then eliminates the program on January 1, 2010 (administrator participation was eliminated in 2003). These changes are made in order to ensure that the state's limited funds for public schools will be spent in the classroom, rather than diverted to other programs that provide no benefit to the classroom or student/teacher contract time.

Another change amends Section 33-1004, Idaho Code, to provide school districts with relief from the "use it or lose" requirement of state funding for instructional staff positions. It provides that up to 2.63% of the state funded teaching positions may be shifted to federal funds for the two year period during which school districts will have access to additional federal special education funding. It also provides up to 5% relief from "use it or lose it" if the funds are used to defray the cost of virtual education courses, including virtual dual credit courses, authorizes districts to offer such programs, and provides the counting and reporting of average daily attendance.

Still another change provides school districts with temporary flexibility on the use of certain local school building maintenance funds. Before receiving such flexibility, school districts must first address any recommendations contained in each school building's most recent school safety inspection, conducted by the Division of Building Safety. After this, half of the remaining maintenance funds could be used for other one time purposes, excluding personnel costs.

FISCAL NOTE

Phase out of the Early Retirement Program saves \$2 million for the state General Fund in FY2010 and then saves the General Fund \$4 million in FY2011. This enables the public schools budget adopted by JFAC to function properly, without significant further depletions to public school budget stabilization funds. The local maintenance match component could provide school districts with additional flexibility in the use of up to \$9.9 million.

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