

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Tuesday, January 24, 2017

TIME: 8:00 A.M.

PLACE: Room C310

MEMBERS PRESENT: Senators Co-chairman Keough, Bair, Mortimer, Martin, Souza, Lee, Agenbroad, Crabtree, Ward-Engelking, Nye

Representatives Co-chairman Bell, Youngblood, Miller, Burtenshaw, Horman(Reed), Malek, Anderson, Dixon, King, Wintrow

ABSENT/ EXCUSED: Representative(s) Horman(Reed), Malek

LSO STAFF PRESENT: Paul Headlee, Janet Jessup

CONVENED: **Chairman Bell** call the meeting to order at 8:00 am.

Idaho State University

PRESENTER: **Arthur Vailas, President**

Mr. Vailas began by introducing some his staff present at the meeting, Associate Vice President for Finance and Administration and Budget Officer, **Bradley Batiuk**; Vice President of Health Sciences, **Rex Force**; Vice President of SFO, **Brian Hickenlooper**; Executive Vice President and Provost, **Laura Woodworth-Ney**; Associate Vice President of Academic Affairs, **Sonia Grace**; and Vice President for University Advancement **Kent Tingey**; Director of Government Relations, **Kent Kunz**. Mr. Vailas spoke about Idaho State University (ISU) relating to student enrollment growth, scholarships, school programs, and increasing growth in academic programs. He stressed the importance to address the school's budgetary concerns, and expressed appreciation for the Governor's recommendation on budget line items in the current FY 2017 budget as well as appreciation for the work the Joint Finance-Appropriations Committee (JFAC) does to set the budget.

Janet Jessup, Budget and Policy Analyst, reviewed ISU's FY 2016 actual expenditures, their current FY 2017 budget, and their FY 2018 budget requests along with the Governor's recommendations. For FY 2016, the difference between spent and total appropriations was \$61,122,900. The four fund sources for ISU were the General Fund, Charitable Institutions Endowment Income, Normal School Endowment Income, and Unrestricted Current Fund which is the collection student tuition and fees (beginning in FY 2012). Ms. Jessup reviewed the analysis of fund balances for just the Unrestricted Current Fund. For FY 2017, the total appropriation was \$148,110,400 with three approved line items, and a reappropriation, or carryover authority from FY 2016 for ISU totaling \$72.5 million. For FY 2018, ISU has requested a total of \$151,495,300 with the Governor recommending \$151,498,200. Ms. Jessup reviewed ISU's request for inflationary adjustments, nondiscretionary adjustments, and a \$869,000 request for replacement items which the Governor did not include in his recommendation.

In response to committee questions, **Ms. Jessup** provided what sort of items are included in ISU's request for replacement which were centrifuges, lab and science equipment, other supplies, mass spectrometer, accessories, and microscope accessories. Ms. Jessup explained the reappropriation of funds is an accumulation of previous Fiscal Years' unspent funds and those funds are not reverted back to the General Fund. She also explained the net assets of ISU, along with other public colleges and universities in Idaho, are funds the school can spend on hand because it is cash and they have authority from the legislature to spend.

In response to committee questions, **Mr. Vailas** explained the \$72.5 million in reappropriated funds is not enough to lower student tuition and fees, therefore that money is used to pay for the school's deferred maintenance costs and is redirected back into the school's infrastructure to support students' education. Also, ISU has some of the lowest tuition costs for a research institution, and the school's debt obligation has been declining while none of that obligation has been transferred to students by way of increased tuition costs.

Ms. Jessup introduced the FY 2018 budget line items for ISU starting with the request for \$108,900 of ongoing funds to cover occupancy costs, then she introduced the request for approximately \$1.8 million to support plans to locate a multidisciplinary cluster of faculty and a polytechnic institution in Idaho Falls. **Mr. Vailas** spoke about the second line item request providing the reasons for the request highlighting the economic drive in the STEM and medical fields as well as employees from Idaho National Laboratory (INL) taking advantage of ISU's graduate degree programs.

In response to committee questions, **Mr. Vailas** stated the collaboration between ISU and INL is a high priority given the potential future of Idaho as an innovator in energy technology.

Ms. Jessup continued her presentation of the FY 2018 line items with the request for a one-time appropriation of \$200,000 from the General Fund for the planning and design of the Center for Education Innovation (CEI) in partnership with the College of Southern Idaho. The last request was the Governor's recommendation for the restoration of formula-generated Enrollment Workload Adjustment (EWA) reflected in nondiscretionary adjustments.

In response to committee questions, **Mr. Vailas** clarified the replacement items requested for FY 2018 is to replace items at all of ISU's campus located in Southern Idaho. He also provided his outlook on why enrollment numbers into higher education in Idaho are decreasing while the State continues and decides to spend more on programs to enhance higher education institutions. Mr. Vailas stated that when he became president of ISU, the State appropriated about 50 to 60 percent of its budget to higher education versus currently that percentage is around 27 percent. However, that percentage may actually be around 30 percent if reappropriated funds were taken into account.

In response to committee questions, **Bradley Batiuk**, Associate Vice President for Finance and Administration and Budget Officer for ISU, explained the request for replacement items in that the funds will be prioritized for equipment that is 10 years or older and would be the most critical to replace.

To listen to this presentation please [click here](#)

Special Programs — Idaho Museum of Natural History

PRESENTER: Leif Tapanila, Museum Director

Mr. Tapanila began by providing some history of the museum and its purpose to collect the natural heritage of the State and preserve the collection of fossils, artifacts of ancient and modern life in Idaho, and cultural artifacts for as long as possible. While this mission is important, it serves two other missions which are to do novel research on the artifacts and host displays and events for the public. The museum's attendance has risen due to efforts to reach out to the public which has resulted in increased revenue to go back into the public outreach programs. The museum is growing and needs more space as its collections capacity ranges from 95 to 100 percent. The museum is focusing on how to invest in its connections to private and corporate sponsors in order to help cover costs of expanding its building.

Ms. Jessup reviewed the FY 2016 actual expenditures, the FY 2017 budget, and the FY 2018 budget requests as well as the Governor's recommendation. For FY 2016 the museum was appropriated a total of \$486,000 with all of that being spent. For FY 2017, there were no line item or legislative intent language. For FY 2018, the museum requests \$200 for inflationary adjustments with the Governor not recommending this request. The museum also requests a replacement item; a 42 inch touchscreen table for interactive use. **Mr. Tapanila** provided reasons for that request. Next, Ms. Jessup introduced the museum's only FY 2018 line item request which was for a Development Officer position to help with attaining corporate sponsorships, private donations, and philanthropy for the museum. The Governor recommended this line item.

In response to committee questions, **Mr. Tapanila** explained the museum's effort to bridge with its contacts to reach out to young students and school groups around Idaho.

To listen to this presentation please [click here](#)

Health Education — Idaho Dental Education

PRESENTER: Rex Force, ISU College of Pharmacy

Dr. Force gave introductory remarks mentioning Idaho's Dental Program is currently the only one in Idaho, and it partners with Creighton University. For the remainder of the presentation, **Dr. Jeff Ybarguen**, Program Director of Dental Sciences at ISU's Department of Idaho Dental Education Program, spoke about the ISU's dental program. He provided a brief history of the program then stated its two-fold mission to provide a cost effective route to dental education and help assist in providing Idahoans with high quality dental care when graduates return to Idaho to practice. Dr. Ybarguen highlighted some statistics relating to the dental program and challenges the program faces.

Ms. Jessup reviewed the FY 2016 actual expenditures, the FY 2017 budget, and the FY 2018 budget request along with the Governor's recommendation. For FY 2016, the difference from total appropriation was \$417,800. For FY 2017, the dental programs was appropriated a total of \$1,827,800. For FY 2018, the program has requested a total of \$1,806,100 with the Governor recommending \$1,811,600, and there are no line item requests or inflationary adjustments.

In response to committee questions, **Dr. Ybarguen** explained the reason for the lower dropout rates compared to Creighton University, may be because the Idaho Dental Program works diligently alongside its students to help them through their education, and the students are higher quality due to the competitive acceptance rate (40 to 100 students may apply per year for eight positions).

To listen to this presentation please [click here](#)

Chairman Bell recessed the meeting at 9:24 am.

Chairman Bell resumed the meeting at 9:39 am.

Lewis-Clark State College

PRESENTER: Tony Fernandez, President

Mr. Fernandez introduced members of the school's administration: **Lori Stinson**, Provost and Vice President for Academic Affairs; **Andrew Hanson**, Vice President for Student Affairs; **Todd Kilburn**, Vice President for Finance and Administration; **Sue Hasbrouck**, Budget Director; **Logan Fowler**, Communications; **Leana DeMasters**, Student Body President; **Erin Cassetto**, Director of Works Scholars Program; **Kathy Martin**, Dean of Community Programs and Government Relations; **Mary Flores**, Dean of Academic Programs; **Rocky Owens**, Director of Coeur d'Alene Outreach Center; **Brock Astle**, Assistant Director of Boise Outreach Center; **Harold Crook**, Faculty Associate President; and **Mark Smith**, Chairman of Technical and Industrial Operations. Mr. Fernandez then discussed the various accolades of the school relating to graduation rates, enrollment numbers, and sports championships. He also reviewed the various building projects currently going on and ideas for more in the future.

Ms. Jessup reviewed the FY 2016 actual expenditures, the FY 2017 budget, and the FY 2018 budget requests along with the Governor's recommendations. For FY 2016, there was a difference from total appropriations of \$15,745,900 with most of the funds coming from student tuition and fees. For FY 2017, the total appropriation, including a reappropriation from FY 2016, was \$47,415,400 with three line items. **Mr. Fernandez** provided an update on the implementation of those line items. For FY 2018, Lewis-Clark State College (LCSC) requested \$36,071,900 with the Governor recommending \$35,322,800. Ms. Jessup reviewed the FY 2018 inflationary adjustments, which the school requested a total of \$19,500, replacement items, which totaled \$935,400, and nondiscretionary adjustments, specifically the FY 2018 enrollment workload adjustment formula (EWA) preliminary calculations done by the Office of the State Board of Education (OSBE). Mr. Fernandez reviewed the FY 2018 line item requests for funds to cover occupancy costs for the first floor of Clearwater Hall, to expand the Health Education Program, and to support specialized advising, career counseling, and expansion of the Work Scholars Program.

In response to committee questions, **Mr. Fernandez** explained that more positions are needed for the students in the Work Scholars Program but some of them go off-campus and find meaningful jobs related to what they are studying.

Mr. Fernandez shared his closing remarks expressing his gratitude for the Governor's three percent increase in Change in Employment Compensation (CEC) and benefits for employees, and his budget recommendations. Also, expressed gratitude to the Legislature for their work in appropriating funds to LCSC.

To listen to this presentation please [click here](#)

Office of the State Board of Education

PRESENTER: Matt Freeman, Executive Director

Mr. Freeman introduced some of the Board's staff as well as the Superintendent of Public Instruction present at the meeting: **Chet Herbst**, Chief Financial Officer; **Scott Christie**, Financial/Performance Audit Manager; and **Sherri Ybarra**, Superintendent of Public Instruction. Mr. Freeman explained the organizational structure of the State Board of Education and the purpose of the Office of the State Board to assist the Board members in fulfilling their constitutional and statutory duties. The State Board has governing authority over all public education kindergarten through college. With that authority, comes opportunities and challenges namely a tremendous workload for Board members and staff. Mr. Freeman then explained the various functions his staff and board members perform.

Ms. Jessup reviewed the FY 2016 actual expenditures highlighting the difference between total appropriations and what was spent. She reviewed the analysis of fund balances for one (out of four federal funds) with fund code 0348. Next, Ms. Jessup reviewed the FY 2017 budget, which the State Board received a total of \$12,681,000 with some approved line items. **Mr. Freeman** expressed gratitude for the approval of those line items and provided an update on the status of their implementation. Ms. Jessup continued her budget overview for FY 2018 where the State Board requested a total of \$7,964,800 while the Governor recommended \$18,037,200. The difference is due to added line item requests by the Governor. Ms. Jessup reviewed the FY 2018 replacement items request which totaled \$19,500. Mr. Freeman reviewed the inflationary adjustments in the FY 2018 budget providing reasons for those adjustments.

Mr. Freeman reviewed the FY 2018 line item requests. The agency requested five line items while the Governor recommended an additional four line items for a total of nine. Mr. Freeman reviewed all of them and gave reasons for the requests with **David Hahn** from Division of Financial Management stepping in to discuss some of the line items requested by the Governor.

In response to committee questions, **Mr. Hahn** explained the line items for a college/career advisor program manager, training for principals at low-performing schools, and a full-time technical records specialist position, are not placed in Idaho Department of Education's budget because given the statutory authority of the State Board of Education, the Governor thought this area of budget was the proper place for those requests. The estimated cost for the training of school administration at low-performing schools comes from looking at the costs paid by other states.

In response to committee questions, **Mr. Freeman** explained that for the line items concerning training school administration at low-performing schools, the training would be contracted to someone who provides professional development training since the line items do not specifically request such a position. Some of those contracted services would be partnering with local colleges and universities. In regard to training school administrators on teacher evaluations, the continuing funds for this are a result of the Governor's task force for education which determined the need for this training and analyzed other states to determine the proper appropriation amount for this training.

Mr. Freeman gave his closing remarks and informed committee members the need for office space if some of these line items are approved since some of them are for new positions.

To listen to this presentation please [click here](#)

Special Programs — Scholarships and Grants

PRESENTER: Matt Freeman, Executive Director

Ms. Jessup reviewed the FY 2016 actual expenditures outlining the funds this agency uses. For FY 2017 the total appropriation was \$18,154,500 with approved line items. **Mr. Freeman** provided an update on those line items highlighting specifically the line items for an increase in the Opportunity Scholarships and the line item relating to postsecondary credit scholarships.

In response to committee questions, **Mr. Freeman** explained for the Opportunity Scholarships there were 3,763 eligible applications which so far 2,492 have been granted funds. The other 1,100 or so are not funded due to limitations in funds.

Ms. Jessup reviewed the FY 2018 budget for the Scholarships and Grants Program with the program requesting \$20,948,400 while the Governor recommended \$18,951,300. There were two line item requests, both of which the Governor recommended. **Mr. Freeman** reviewed those line item requests providing reasons for them.

In response to committee questions, **Paul Headlee**, Budget and Policy Deputy Division Manager, explained the reason why there is no analysis of fund balances for the Opportunity Scholarships because they are continuously appropriated which, given the format of these presentations, has not been included in the presentation materials.

Mr. Freeman gave his closing remarks stressing the importance of education and how Idaho weathered the Recession relating to handling education.

To listen to this presentation please [click here](#)

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:42 am.

Representative Bell
Chair

Cody Jessup
Secretary