

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Thursday, January 26, 2017

TIME: 8:00 A.M.

PLACE: Room C310

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

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

ABSENT/ EXCUSED: Senator(s) Souza, Agenbroad

LSO STAFF PRESENT: Paul Headlee, Shane Winslow

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

Public School Support

PRESENTER: **Sherri Ybarra, Superintendent of Public Instruction**

Ms. Ybarra began by expressing her gratitude toward the Governor and the members of the Joint Finance-Appropriations Committee. She outlined her statutory duties as Superintendent of Public Instruction from the Idaho Constitution and the legislature pertaining to the establishment and maintenance of public schools and related programs. Her budget requests were made from the information gathered from public schools, business leaders, parents, school teachers and administrators, and students along with the information contained within the Idaho State Department of Education's (SDE) Strategic Plan. Ms. Ybarra reviewed the three main goals of the Strategic Plan. She reviewed Idaho's K-12 education foundation and organizational structure in order to share how it works and areas where support is needed. She also reviewed the amount of General Fund dollars for public schools for past, current, and future Fiscal Years. Ms. Ybarra closed her opening remarks by sharing works from student winners of the College and Career Ready Art Contest.

Paul Headlee, Deputy Division Manager of the Budget and Policy Analysis Division, reviewed the seven budgetary divisions within the Public School Support Program (K-12) outlining the total amounts of their FY 2018 budget requests. Mr. Headlee reviewed the FY 2016 budget outlining total appropriations, actual expenditures, and variances. Next, Mr. Headlee reviewed the analysis of fund balances for the Public School Income Fund, Tobacco Tax (Public School Income Fund) Fund, and the Federal Grants Fund.

In response to committee questions, **Mr. Headlee** explained the difference between the FY 2016 original appropriation and the amount reverted in the Federal Grants Fund was not that far off for previous Fiscal Years. The Idaho State Department of Education will sometimes ask for additional spending authority in order to manage the federal grants which are sometimes three year grants. The Department will spread those funds out over the years depending on the requests from school districts, or school districts may draw from those federal grant funds in one year.

Mr. Headlee introduced the FY 2017 budget which had 20 approved line items. **Ms. Ybarra** provided a status update for some of those line items given their relation to current education priorities.

In response to committee questions, **Kelly Brady**, Director of Mastery Education for Idaho SDE, stated there are currently 32 schools involved in the mastery-based education program with the goal for more as the next two will carry out the implementation of this program. This last year has been the design phase of this program.

In response to committee questions, **Matt McCarter**, Director of Student Engagement/Career and Technical Readiness of the Idaho SDE, explained one of the keys to success to help college career counselors is partnering with agencies such as the Department of Labor, State Board of Education, and others to put together best practice models for school districts to contemplate for implementation. Also, there has been a robust multitude of training from statewide conferences to regional training the Idaho SDE has implemented to help ensure counselors are successful. This being the first year for this process, the Idaho SDE is currently in the process of measuring the success of their work, however, they have seen positive feedback.

In response to committee questions, **Ms. Ybarra** explained within the Literacy Proficiency Program there is a Reading Intervention Plan that requires a notification to parents in a certain amount of days when that intervention plan is used for a student. Also, Ms. Ybarra confirmed that principals are being trained on the teacher evaluation system through the Idaho Principals At Work program.

Mr. Headlee continued his budget overview with the FY 2018 budget request. The Public School Program requested a total appropriation of \$2,043,276,800 while the Governor recommended \$2,039,059,900. Mr. Headlee highlighted the Nondiscretionary Adjustments in the FY 2018 budget with the agency requesting \$67,104,700 and the Governor recommending \$67,921,400. **Ms. Ybarra** reviewed the line item requests for FY 2018. The line item requests, however, do not include requests for the Idaho Educational Services for the Deaf and the Blind since that is a separate budget item that will be presented later today. During her review of the line items, Ms. Ybarra recognized **Dr. Chistina Nava** for her work in English Learner and Migrant Education Program.

In response to committee questions, **Ms. Ybarra** explained how teachers were consulted to provide updates to the Idaho Reading Indicator Assessment and how measures were taken to ensure it was developmentally appropriate for the technology it will be used on. Ms. Ybarra pointed out that her office is aware of potential changes in students' scores due to implementation of this updated test. Ms. Ybarra also explained that if the legislature does not approve her \$5.9 million request in the Central Services Division in order to contract services out for the Idaho Reading Indicator (IRI) Assessment, but instead approves the Governor's recommendation of \$2 million, then those contracted services will not move forward. However, the Idaho Department of Education has done a revised cost proposal over a five year period with the limitation of \$2 million which means \$100,000 would be requested for FY 2018 to start phase one in the IRI Assessment FY 2018 line item request.

In response to committee questions, **Louie Konkol**, Chief Financial Officer in Accounting for Idaho SDE, explained the process used for issuing contracts to vendors for services like implementation of the IRI Assessment in the Central Services Division, is consistent to the Idaho SDE's process of issuing contracts to vendors. The Idaho SDE's process does adhere to federal guidelines.

In response to committee questions, **David Hahn**, Division of Financial Management, explained the Governor recommended a FY 2018 line item request of \$15,000,000 (titled Health Benefits Indexed Inflation) to offset health insurance inflation in anticipation of the Public School Funding Formula Committee's recommendation. This line item was requested to prevent funds being taken from state discretionary funds to cover these inflation costs. Since there is no legislation regarding this issue, the Governor hopes legislation will be proposed this session.

In response to committee questions, **Ms. Ybarra** explained Math and English Language Arts (ELA) coaches do not interface with the teacher evaluation process. Coaching for the teacher evaluation process is done through principals being trained and them training others. Ms. Ybarra explained the \$2.5 million line item request in the FY 2018 budget for professional development can be used by school districts in a targeted manner as they see necessary. However, this line item request is different from the Office of State Board of Education's FY 2018 line item request of \$2.5 million for school administrator training on teacher evaluations. Ms. Ybarra also answered a question concerning the number of students in Idaho's K-12 education, which is 298,800.

In response to committee questions, **Tim Hill**, Associate Deputy Superintendent, Public School Finance Department, stated enrollment in K-12 education has grown this past year at around 1.5 percent while in previous years that rate has been about one percent each year.

In response to committee questions, **Mr. Headlee**, stated the Idaho Legislature in the past has reduced and consolidated public school programs, most notably during the Recession. In other instances, funding has moved between programs with canceling some and moving those funds to successful programs. Mr. Headlee stated the Public School Stabilization Fund there is approximately \$85 million in it. That fund has no mechanism or statutory distribution of how funds are to flow into it. The Legislature determines whether or not money flows into that fund. If money does flow into it, it is usually from the General Fund or dedicated funds. The fund has no stated goal, but it does have a cap around \$122–125 million. Should that cap be reached, the excess funds automatically flow into the Bond Levy Equalization Fund. The funds in the Tobacco Tax, Public School Income Fund, the Lottery Fund, and Cigarette Tax stay in those funds unless separate action is taken on those fund balances. Mr. Headlee stated, in regard to the more than predicted student enrollment for FY 2017, the extra cost for the increased enrollment would be covered by the Public School Stabilization Fund, and for FY 2018 it would increase the Governor's recommendation from 6.4% to 6.9% on the General Fund.

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Chairman Bell called a recess of the meeting at 9:49 am.

Chairman Bell resumed the meeting at 10:00 am.

Superintendent of Public Instruction

PRESENTER: Sherri Ybarra, Superintendent of Public Instruction

Ms. Ybarra stated how the Idaho State Department of Education's (SDE) budget instills the same goals as in the Strategic Plan which are the same goals when looking at public school support funding. She also reviewed the Department's primary focus for students in public schools.

Mr. Headlee reviewed the FY 2016 actual expenditures highlighting fund adjustments and reversions in certain funds. He reviewed the analysis of fund balances for the Indirect Cost Recovery Fund, Driver Training Account, Public Instruction Fund, and Federal Grants. **Ms. Ybarra** reviewed the Department's FY 2017 budget line items and provided an update on the status of those line items. Mr. Headlee reviewed the FY 2018 budget request from the Department and the Governor's recommendation, and he introduced the Department's request for replacement items. Ms. Ybarra reviewed the reasons for those replacement items, and she reviewed the Department's FY 2018 line item requests as well as the Department operating budget.

In response to committee questions, **Ms. Ybarra** explained the funds in the Indirect Cost Recovery Fund, the Driver Training Account Fund, and the Public Instruction Fund are spent according to statute.

In response to committee questions, **Mr. Headlee** stated the expenditure of funds from the Driver Training Account Fund are bound by statute for reimbursement to schools according to a reimbursement formula. The funds in the Indirect Cost Recovery Fund can be spent similar to how General Funds are spent because they are dollars that come back to the state from the federal government. The funds from the Federal Grants Fund are spent according to the guidelines listed in those federal grants.

In response to committee questions, **Chris Campbell**, Chief Technology Officer for SDE's Technology Services, explained the expansion of K-12 broadband program FY 2018 line item request is to reimburse school districts and charter schools for connecting to broadband services to multiple schools within their district instead of just one location, or school.

Ms. Ybarra gave her closing remarks highlighting the SDE's handling of the funds in the Driver Training Account Fund.

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Idaho Educational Services for the Deaf and the Blind

PRESENTER: Brian Darcy, Administrator

Mr. Darcy explained some background history of the agency as well as the goals and purpose of the agency. He reviewed the organizational structure, and provided updates and statistics about the services they perform and to whom they give those services.

Mr. Headlee reviewed the FY 2016 budget highlighting the accounting differences of this agency due to its quasi-governmental nature. He introduced the FY 2017 budget, highlighting the agency's ten approved line items. **Mr. Darcy** provided a status update on a few of the line items, and expressed his gratitude for the approval of those line items as well. Mr. Headlee then explained how the agency has two budgeted programs or divisions called the Campus Program and Outreach Services. Mr. Headlee reviewed the FY 2018 budget request from the agency and the Governor's recommendation. Mr. Darcy reviewed the agency's reasons for replacement items and line item requests in the FY 2018 budget.

Mr. Darcy gave his closing remarks explaining the student growth in the agency's services and collaboration with schools to help students. He also introduced some of his staff present: **Paula Mason**, Director of Outreach; **Jeanne-Marie Kopecky**, Assistant Director of Outreach; and **Bonnie "BJ" Marshall**, Director of Finance.

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ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:46 am.

Representative Bell
Chair

Cody Jessup
Secretary