

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

**Date:** January 17, 2022

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*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 2021 withdrawal was \$15.47 million, and the current cash balance is \$80.3 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funding is available in the annual public school appropriation at the end of the fiscal year, then funds are withdrawn from PESF to meet those obligations.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 12/30/2021 was \$80,275,500.

**FY 2021 Withdrawal:** In July of 2021, \$15,474,700 was withdrawn from PESF to allow the State Department of Education to make full payments to school districts and charter schools for FY 2021. This withdrawal was largely driven by the Idaho Digital Learning Academy (IDLA) at \$7.2 million; transportation costs at \$4.4 million; master educator premiums at \$1.7 million; increased participation in the advanced opportunities programs at \$1.5 million; Career Ladder costs at \$1.4 million, and unemployment insurance at \$1.3 million. In August of 2020, \$1,538,000 was also withdrawn from PESF to cover shortfalls in Bond Levy Equalization payments.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
  - Withdrawals from PESF are not eligible for moneys appropriated for FY 2022.
- 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 2022/2023 Governor Recommendation:** The Governor is recommending two cash transfers totaling \$121,000,000 from the General Fund to PESF. The first transfer is \$44 million in FY 2022 and the second transfer is \$77 million in FY 2023. If both transfers are approved and the Legislature accepts the Governor's recommendation, this fund will reach its statutory cap of 8.334% of the state funded appropriation for public schools at about \$201.4 million.

Analysis of Deposits/Withdrawals from the Public Education Stabilization Fund (PESF) for FY 2017 - FY 2021

1/17/2022

	STATUTORY EXPENDITURES	2017	2018	2019	2020	2021	Net-Total (2017-2021)	% of Total Column
1	Transportation	\$1,183,005	(\$2,206,539)	(\$8,393,764)	(\$10,641,017)	(\$4,366,704)	(\$24,425,019)	(19.9%)
2	Border Contracts	\$135,456	\$87,523	(\$141,803)	(\$413,795)	(\$51,251)	(\$383,871)	(0.3%)
3	Exceptional Contracts & Tuition Equivalents	(\$54,365)	\$112,106	(\$87,097)	\$15,429	\$160,082	\$146,155	0.1%
4	SBA - Admin/Classified Salaries	(\$690,341)	\$78,413	(\$1,028,309)	(\$782,554)	(\$844,807)	(\$3,267,598)	(2.7%)
5	SBA - Admin/Classified Benefits	\$7,647	(\$361,339)	(\$89,419)	(\$15,563)	\$463,091	\$4,418	0.0%
6	Career Ladder Salaries	(\$8,898,131)	(\$2,816,816)	(\$12,600,330)	(\$10,723,644)	(\$3,195,779)	(\$38,234,701)	(31.1%)
7	Career Ladder Benefits	\$484,551	\$668,508	(\$1,808,965)	(\$1,443,525)	\$1,818,951	(\$280,481)	(0.2%)
8	Unemployment	(\$515,049)	(\$537,254)	(\$439,138)	(\$465,224)	(\$1,288,360)	(\$3,245,025)	(2.6%)
9	Program Adjustments	(\$1,396,465)	(\$1,249,621)	(\$1,416,182)	(\$779,037)	(\$1,005,771)	(\$5,847,076)	(4.8%)
10	Master Educator Premiums	\$0	\$0	\$0	\$918,451	(\$1,731,663)	(\$813,212)	(0.7%)
11	Leadership Premiums	(\$773,110)	(\$436,969)	(\$524,925)	(\$404,005)	\$167,130	(\$1,971,879)	(1.6%)
12	Teacher Incentive Award (Natl Board Cert)	\$32,894	\$54,309	\$49,550	\$58,907	\$63,690	\$259,350	0.2%
13	Charter School Facilities	(\$1,094,809)	\$0	(\$473,677)	(\$1,067,085)	\$445,208	(\$2,190,362)	(1.8%)
14	Idaho Digital Learning Academy (IDLA)	(\$150,030)	(\$796,521)	(\$987,563)	(\$153,221)	(\$7,166,530)	(\$9,253,865)	(7.5%)
15	School Facilities Maintenance Match	(\$185,862)	\$0	\$55,494	\$1,756,607	(\$652,568)	\$973,671	0.8%
16	Advanced Opportunities	(\$7,396,540)	(\$9,496,496)	(\$4,074,551)	(\$5,201,591)	(\$1,514,707)	(\$27,683,885)	(22.6%)
17	Math & Science Requirement	(\$432,433)	(\$500,068)	(\$91,299)	\$260,925	(\$5,317)	(\$768,192)	(0.6%)
18	Cont. Improvement Plans & Training	\$473,697	\$359,604	\$169,920	\$266,861	\$207,715	\$1,477,796	1.2%
19	Mastery Based Education	\$5,120	\$66	\$0	\$221,239	\$128,991	\$355,417	0.3%
20	Other Programs	\$90,000	\$215,684	\$138,598	\$0	\$0	\$444,282	0.4%
	<b>NON-STATUTORY EXPENDITURES</b>							
21	Technology	\$0	\$112,128	\$0	\$0	\$0	\$112,128	0.1%
22	WIFI Infrastructure	\$132,711	\$0	\$0	\$0	\$0	\$132,711	0.1%
23	Student Achievement Assessments	\$169,238	\$217,391	\$817,384	\$0	\$317,543	\$1,521,555	1.2%
24	Math Initiative /IRI / Remediation	\$282,332	\$166,268	\$235,649	\$304,035	\$193,776	\$1,182,059	1.0%
25	LEP	\$8,367	\$31,719	\$2,106	\$19,099	\$27,386	\$88,676	0.1%
26	Eval/Train/Dvlpmnt of Admin & Teachers	\$112,027	\$0	\$0	\$0	\$0	\$112,027	0.1%
27	Professional Development	\$20,647	\$0	\$57,524	\$1,121,585	\$706,279	\$1,906,035	1.6%
28	Content and Curriculum	\$4,800	\$0	\$352,232	\$4,755	\$617	\$362,403	0.3%
29	Discretionary	(\$3,429,754)	(\$336,727)	(\$1,276,802)	(\$3,989,403)	(\$4,441,335)	(\$13,474,021)	(11.0%)
	<b>APPROPRIATED FUNDS WITH PESF IMPACTS (Withdrawal) / Deposit</b>							
30	PESF Impact for Public School Support Appropriations	(\$21,874,399)	(\$16,634,632)	(\$31,555,366)	(\$31,131,772)	(\$21,564,335)	(\$122,760,505)	(100.0%)
31	(Add) Federal Fund Offset (H355)					\$6,089,603	\$6,089,603	
32	(Equals) Net PESF - Appropriation Related Adjustments	(\$21,874,399)	(\$16,634,632)	(\$31,555,366)	(\$31,131,772)	(\$15,474,732)	(\$116,670,902)	
	<b>ADDITIONAL STATUTE ALLOWED PESF ADJUSTMENTS</b>							
33	(Add) Bond Levy Equalization Support	\$0	\$0	\$0	(\$1,148,776)	(\$1,538,000)	(\$2,686,776)	
	<b>NET OF ALL PESF ADJUSTMENTS</b>							
34	(Equals) Overall Total PESF Impact	(\$21,874,399)	(\$16,634,632)	(\$31,555,366)	(\$32,280,548)	(\$17,012,732)	(\$119,357,678)	

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