

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Monday, January 23, 2023
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS PRESENT: Senators Co-chairman Grow, Bjerke, Burtenshaw, Lent, Cook, VanOrden, Adams, Herndon, Ward-Engelking, Just
Representatives Co-chairman Horman, Miller, Bundy, Raybould, Furniss, Handy, Lambert, Petzke, Tanner, Nash
ABSENT/ EXCUSED: None

Co-chairman Horman called the meeting to order at 8:00 a.m.

Mr. Kurt Liebich, President, Office of the State Board of Education (OSBE), presented an overview of the current state of education in Idaho. He acknowledged the political debate about the level of investment in public school education. He reviewed the history of the Great Recession in 2008–2009 and the slow economic recovery.

Mr. Liebich asserted the strongest long-term reason for revenue growth is the strength and growth of Idaho businesses. He cites this growth as evidence of a return on investment in state education. A strong education system is critical to the sustained growth of Idaho businesses.

Mr. Liebich explained the Board believes K-3 literacy is foundational to future educational success. The Board's goals further include expanding financial literacy and technical education, as well as recruiting and retaining trained and qualified teachers.

To balance the budget, OSBE must cut costs or increase tuition. Tuition costs have been frozen for three years; OSBE believes any further efforts to reduce costs will significantly reduce educational opportunities available to students. Idaho has the sixth lowest tuition rate in the country and remains one of the most affordable states to pursue higher education.

In response to committee questions, **Mr. Liebich** stated OSBE works to make higher education affordable to all Idaho students. These efforts include giving high school students a jump start to earn college credits; breaking down as many barriers to higher education as possible; and creating post-secondary opportunities for students no matter where they live in the state. Mr. Liebich further stated accountability begins with the local school boards. Local school boards should have student achievement metrics data under constant review. He stated local school boards' priority should be literacy for all students.

In response to further committee questions, **Mr. Liebich** agreed the Covid pandemic accelerated the pace of moving from traditional school structures to more online courses. He stated future education will likely be a hybrid model. He further explained the Governor's Launch Program helps students identify the careers and degrees in demand in the workforce.

Mr. Nate Osborne, Analyst, LSO Budget & Policy, gave a briefing on the three distinctly appropriated divisions within OSBE. The State Board of Education is composed of eight members, seven of whom are appointed to a five-year term by the Governor and are subject to Senate confirmation. The eighth member is the Superintendent of Public Instruction. OSBE provides professional staff support to the State Board of Education and is comprised of three distinctly budgeted programs, including OSBE Administration, IT & Data Management (moved from the State Department of Education in FY 2021), and the Office of School Safety and Security (first budgeted under OSBE in FY 2022). The Charter School Commission was a budgeted program under OSBE until FY 2022.

Mr. Matt Freeman, Executive Director, State Board of Education, cited statutory authority for the agency. He reviewed the FY 2022 supplemental appropriations for the agency, including funds for the Arts in Public Schools program, an engineering plan and needs assessment, the Empowering Parents program, Elementary and Secondary School Emergency Resources (ESSER) spending authority, and office space.

Mr. Freeman reviewed the FY 2023 budget line-item appropriations, then the FY 2023 supplemental appropriation requests, including Arts in Public Schools and the Securing Our Futures Initiative. He also explained the FY 2024 budget line-item requests, including support for the Governor's recommendations for the 4% Change in Employee Compensation (CEC) increase.

In response to committee questions about the funding requests for school security, **Mr. Freeman** stated the agency has conducted assessments of all school buildings. The grant funding will concentrate on durable, physical equipment for school safety. **Mr. Mike Munger**, Manager, OSBE School Safety and Security, further explained the requests are targeted to qualify for one-time expenditure funding.

In response to committee questions, **Mr. Freeman** explained the budget requests for the Idaho System for Educational Excellence (ISEE). ISEE is Idaho's K-12 Longitudinal Data System, which supports budgeting processes, data submissions, and delivers information to educational stakeholders to create data-driven decisions.

Sen. Lent expressed concern the intent language requirements included in last year's legislation are not being met. The Legislature intended the State Board to meet with stakeholders and develop stated goals and performance measures.

In response to committee questions, **Mr. Freeman** clarified only school districts and charter schools can apply for the Art in Rural Public Schools grants. He further explained FY 2023 budget requests for federal funds for literacy programs were one-time and will not be ongoing. These programs were bridges to address learning loss from the Covid pandemic.

In response to a committee question, **Mr. Freeman** explained a significant part of the increased budget numbers in General Funds monies came from transfers from other state agencies; the increased numbers in the budget correspond with reductions in other state agencies. **Mr. Alex Adams**, Administrator, Department of Financial Management (DFM), further explained in the September 2022 special session, the Legislature set aside \$330M in ongoing dedicated fund sales tax to the Public Schools income fund, and the Governor recommended using \$30M from that dedicated fund for the Empowering Parents Grant Program, making it an ongoing program.

Mr. Freeman cited the legislative intent language for Systemwide Programs at Colleges and Universities. The program supports systemwide needs that benefit all the four-year institutions, including but not limited to projects to promote accountability and information transfer throughout the higher education system, as well as awarding infrastructure, matching grants and competitive grants through the Idaho Incubation Fund. Mr. Freeman described the FY 2024 budget requests for Systemwide Programs.

Mr. Freeman stated Scholarships and Grants consists of six separately budgeted programs at the universities and OSBE grouped under one appropriation bill. He described each one of the scholarships. Mr. Freeman noted affordability is a significant barrier to Idaho students pursuing post-secondary education. He explained the FY 2024 line-item budget request corrects a mathematical error in the original S 1290 bill.

Dr. Dean Fisher, President, College of Southern Idaho, and **Dr. Cynthia Pemberton**, President, Lewis-Clark State College, of the Presidents' Leadership Council, made a presentation about higher education's impact on Idaho. The Presidents' Leadership Council comprises the eight chief executive officers of the eight public institutions of higher education in Idaho. They supported the Governor's recommendation for the 4% increase in CEC. They also noted inflation means operational costs are also increasing. Finally, they stated as Idaho population grows, the need to educate and retain Idaho talent grows, too.

Mr. Osborne gave an overview of the Charter School Commission. He noted the Commission became a distinctly budgeted division under the State Board of Education in FY 2022.

Ms. Jenn Thompson, Director, Charter School Commission, further explained the commission's statutory authority. Its responsibilities include approving, amending, and renewing charters and providing ongoing oversight. In Idaho, there are currently 63 charter schools and two petitions pending. Charter schools serve approximately 9.5% of the total public school student population.

Ms. Thompson explained the agency's FY 24 budget requests. The agency requests reappropriation of any unspent, unencumbered dedicated funds from FY 23 to FY 24 to address unforeseen expenses, such as an investigation, appeal, or school closure. Committee members and the director discussed the history and purpose of the commission and how to improve the process.

Mr. Osborne gave an overview of the STEM Action Center. The Center was created to promote the expansion of student, educator, community, and industry engagement in STEM activities and Computer Science (CS) education opportunities. He cited the statutory authority for the Center and noted it coordinates regional and state-level STEM-related activities, promotes STEM through promising practices in education, works to produce an Idaho STEM-competitive workforce, and engages private industry in the development, implementation, and sustainability of STEM opportunities.

Ms. Katy Solace, Executive Director, STEM Action Center, explained the Center's goals include increasing awareness of the importance of STEM + Computer Science education and workforce development; advancing equitable access to high-quality STEM + Computer Science opportunities for educators, students, and community members; and aligning STEM + Computer Science education with workforce needs.

Ms. Solace explained Center's FY 2024 budget requests. In response to a committee question, Ms. Solace explained the Center and the Workforce Development Council work together closely, and each agency brings a slightly different perspective to the problems they encounter and solve together.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:47 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary