

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 21, 2026
TIME: 8:00 A.M.
PLACE: Room C310
MEMBERS: Senators Co-Chair Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow
Representatives Co-Chair Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green
**ABSENT/
EXCUSED:** None

Co-Chair Tanner (14) called the meeting to order at 8:00 a.m.

Mr. Kellen McGurkin, Analyst, LSO Budget & Policy, provided an overview of the Public School Support program. He stated the Public School Support budget represented the state and federal funding appropriated to support public schools serving grades K-12. This funding is provided to meet the requirements of the Idaho Constitution to establish and maintain a thorough system of public free common schools. He also defined key terms to better understand this budget.

Mr. McGurkin outlined a revised budget submitted following the November 2025 JFAC Tour. In this revised budget for FY 2026, Support Units were reduced from 15,954 to 15,722, reflecting a decrease of 232 Support Units and an ongoing recession totaling \$22.3M from the General Fund, which was used to establish a revised Base Appropriation request. For FY 2027, budget adjustments were based on the revised FY 2026 Base Appropriation, with Support Units held constant at 15,722. The request also included revisions to special education enhancements by reducing the original request of \$50M from the General Fund to \$5M in dedicated funds.

In his review of the five-year base snapshot, **Mr. McGurkin** pointed out the Legislature had provided approximately \$129M for benefit costs, resulting in a 64% increase in health insurance funding per Support Unit, raising the amount from \$13.3K in FY 2022 to \$21.9K in FY 2026. The Legislature had also provided an increase of \$107M to raise discretionary funding per Support Unit from \$16.2K in FY 2022 to \$23.4K in FY 2026. In addition, total funding for staff salaries and benefits had increased by approximately \$415M through compensation increases and funding adjustments related to staff placement and salary schedules.

Mr. McGurkin explained the FY 2026 population forecast adjustments reflected changes in the projected number and value of Support Units, including reductions tied to updated Career Ladder placement averages. These adjustments did not alter pay schedules or individual Local Education Agency (LEA) funding but changed the amount the State appropriated to cover expected costs.

Mr. McGurkin described differences between the agency request and the Governor's FY 2027 recommendation, including no Change in Employee Compensation (CEC) adjustments, placeholder increases, health insurance rate changes for LEAs, and the use of the Public Education Stabilization Fund (PESF) for statutory-based population forecast adjustments, which together drove a reduced General Fund funding recommendation.

Mr. McGurkin reviewed FY 2027 population forecast adjustments totaling \$50.9M, based on statutory formulas and projected cost changes, while Support Units remained at 15,722. He summarized the Public School Support FY 2027 enhancement requests, noting \$65M in total fund enhancements. The request also included ongoing federal fund authority, onetime appropriations, and fund transfers for special education initiative pilot programs.

In response to committee questions, **Mr. McGurkin** explained federal funds allocated to LEAs for special education were subject to requirements such as Maintenance of Financial Support (MFS), which obligate the State to maintain funding at the previous year's per-student or total level.

Ms. Debbie Critchfield, Superintendent of Public Instruction, provided context for the budget requests. The budget was adjusted to reflect the actual number of Support Units rather than the initially projected number; this was possible once actual student enrollment figures were available. She noted a decrease in student population, which resulted from multiple factors.

Supt. Critchfield explained this budget stressed using existing funds more effectively by giving districts greater flexibility to meet local priorities. She gave a high-level review of how the agency had maximized current funding from the Land Endowment Fund.

In response to committee questions, **Supt. Critchfield** stated the original budget request included \$50M for special education to address part of the shortfall and explained the revised approach sought a onetime bridge while broader funding reforms were developed. She noted federal law mandated compliance with certain requirements, regardless of specific circumstances. She added the State could refuse federal funds, but doing so would make it fully responsible for providing the required services.

In response to committee concerns about the interest-earning fund shifts, **Ms. Lori Wolff**, Administrator, Division of Financial Management (DFM), stated the Governor protected school funding by using PESF this year instead of using the General Fund.

In response to committee questions, **Supt. Critchfield** stated funding increased Striving to Meet Achievement in Reading Together (SMART) coaches to 150, boosting reading scores when paired with curriculum and professional development. She added funds were designated solely for coaches, with unspent amounts remaining unused.

Mr. McGurkin provided an overview of the State Department of Education (SDE), including its organizational structure. He explained the Idaho Career Ready Students Fund had \$29M remaining after \$65M in cash transfers and onetime appropriations were reappropriated across FY 2025 and FY 2026, with \$3.5M in interest supporting the fund and the Driver Training Fund linked to the special education request. He noted negative balances and year-to-year swings resulted from timing differences in federal grant drawdowns and reappropriated COVID-era ARPA and CARES funds for non-public schools.

Mr. McGurkin reported FY 2025 expenditures totaled \$61.3M, including \$22.8M from the Idaho Career Ready Students Fund and \$3M from the Millennium Fund for after-school programs. He noted 20% of costs covered staff salaries, 33% covered operating expenses, and trustee and benefit payments nearly doubled from the previous year as more funds were distributed.

Mr. McGurkin stated SDE requested a FY 2026 supplemental onetime appropriation of \$28K from the School Bus Camera Fund, which collected fees from court-ordered infractions for passing school buses, as directed by state law. The law required these funds to be used for school bus stop-arm software, equipment, and training, and SDE planned to distribute the allocation to LEAs through grants to provide additional cameras and stop-arm signs.

Mr. McGurkin reported for FY 2027, SDE requested to make the School Bus Camera Fund appropriation ongoing and sought a \$1.7M dedicated fund appropriation for the Driver Training Fund to increase per-student reimbursement rates for LEAs and to support a vehicle grant program. SDE also requested ongoing federal funding for the My Idaho Child Nutrition Program technology platform, onetime federal funding for the final year of the Farm to School grant, and authority to reappropriate any unused Millennium Fund and Career Ready Students funds from FY 2026 into FY 2027.

Mr. McGurkin indicated SDE participated in the Governor's 3% holdback and applied the rescission to funding for Advanced Opportunities payments to non-public school students. As a result, the trustee and benefit appropriation was reduced to approximately \$388K, likely decreasing the number of students served from 918 to 740.

In response to committee questions, **Mr. McGurkin** explained the Driver Training Fund had sufficient cash on hand, but SDE lacked legislative appropriation authority to spend those funds, necessitating the additional request. He also clarified IDLA enrollments were funded at \$445/student per statute, regardless of course of study, while LEA driver education reimbursements were capped in statute at \$150/student; SDE requested increasing the cap to \$300/student.

Mr. McGurkin provided an overview of the Idaho Educational Services for the Deaf and the Blind (IESDB), including its organizational structure. He reported over the past five years, funding increased for both campus and outreach services, largely due to compensation equity and Career Ladder adjustments. Most revenue came from state appropriations, with limited federal grants and donations. FY 2025 finances showed a higher-than-usual ending balance due mainly to school modernization funds and remaining federal grants. Campus enrollment rose over time before declining recently, while outreach services continued steady growth.

Mr. McGurkin presented the FY 2027 enhancement requests for IESDB. These budget enhancements included \$271K in ongoing appropriations for Career Ladder equivalence adjustments; four months of salary and benefits for a new 18-bed residential facility, with remaining funding planned for FY 2028; and an endowment fund adjustment. For FY 2027, IESDB also requested \$345K in onetime appropriations for an additional van and replacement items.

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

Representative Tanner (14)
Chair

Alyson Jackson
Secretary