

MINUTES
JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE: Wednesday, January 25, 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. Jared Tatro, Deputy Division Manager, LSO Budget & Policy, gave an overview of the Public Schools Support Program financing. He explained the budget consists of two basic parts: statutory requirements and other program distributions. Other program distributions are programs the Joint Finance-Appropriations Committee (JFAC) has designated for separate, direct tracking to provide transparency to those budgets.

State Superintendent Debbie Critchfield gave a brief overview of the Public Schools Support budget. The budget appropriation requests focus on student outcomes, achievement and core skills, and a return on investment for Idaho communities, businesses, and taxpayers.

Supt. Critchfield addressed the FY 2023 budget and highlighted the Career Ladder salaries and benefits now being implemented. She also highlighted K-3 literacy proficiency and interventions. Supt. Critchfield addressed how the districts around the state have spent ESSER monies. She said the Department encourages districts to spend remaining ESSER monies on items and projects directly impacting students. The ESSER monies are one-time and should not be used for ongoing projects or programs.

In response to committee questions, **Supt. Critchfield** said the Department is reviewing line-item budget programs to see whether some of these programs can be combined to better meet Department achievement goals. She also confirmed last year's appropriation to the Health Insurance Fund was not part of the Career Ladder funding.

Co-chairman Horman stated last year the Legislature made reporting requirements in the appropriation bill to verify school districts were able to obtain better plans for their teachers and employees.

In response to committee questions, **Ms. Julie Oberle**, Chief Financial Officer, Public School Finance, explained the LSO audit finding regarding payments to schools. The audit reviewed how school districts and charter schools are reporting attendance numbers, enrollment information, and staffing information.

Supt. Critchfield explained the FY 2024 budget requests for the Administrative Division. She noted the Administrative Division consists of funding for salaries and benefits for Superintendents, Charter School Administrators, Principals, and Continuous Improvement Plans and Training for School Boards.

In response to a committee question, **Mr. Alex Adams**, Administrator, Department of Financial Management, stated during the special legislative session in September 2022, the Legislature set aside \$330M in the Public Schools Income Fund for purposes of public education. At that time, the Governor recommended the Legislature determine between giving those monies to local schools for local solutions or earmarking those monies for specific purposes.

Co-chairman Horman clarified the budget request for funds to enhance the Continuous Improvement Plans and Training requirement would require policy decisions by the Legislature.

Supt. Critchfield reviewed the FY 2024 budget requests for the Teachers Division. This budget consists of funding for salaries and benefits related to instructional and pupil service staff, such as teachers, counselors, and school psychologists, and for professional development.

In response to a committee question about teacher merit pay in the career ladder funding, **Supt. Critchfield** stated local school districts should determine performance pay. The state sends the money through a statutory-based allocation and the local school districts make the decisions.

Supt. Critchfield reviewed the FY 2024 budget requests for the Operations Division. This budget contains classified staff salaries and benefits for bus drivers, paraprofessionals, and custodial staff, as well as transportation costs, health insurance funding, and discretionary funds. **Supt. Critchfield** referenced inflation and increasing gasoline prices; she suggested the funding formula needed to better reflect the increased costs for local school districts. She noted increased health care insurance funding improves employee benefit packages without increasing salaries.

Committee members discussed last year's legislation for increased health care funding for public school employees.

Co-chairman Grow clarified the budget request for additional classified compensation for the Operations Division has no direct correlation to local district property taxes. **Mr. Tatro** further stated if the Legislature does not increase the minimum distribution for classified staff, it will need to provide additional intent language; otherwise, in the Operations Division, all funding in this budget without distribution criteria will go to discretionary spending. **Co-chairman Horman** added the current funding formula has a base salary set for classified employees in statute; approving this budget request would require a change to that statute or a new funding formula.

In response to committee questions, **Supt. Critchfield** stated the budget request for restored technology funding goes to support the learning management system put in place to measure achievement. This management tool helps teachers know how and when to use technology in the classroom.

Supt. Critchfield reviewed the FY 2024 budget requests for the Children's Programs Division. This budget contains funding for programs providing direct benefits to children. This includes items such as advanced opportunities, literacy proficiency, content, and curriculum. **Supt. Critchfield** reiterated her goal to move to student-centered funding.

In response to committee questions, **Mr. Adams** explained the state's pursuit of a federal waiver for the Maintenance of Financial Support (MFS) requirements for special education funding. He further explained ESSER grants are some of the most flexible grants offered by the federal government. School districts have considerable flexibility to use these funds, but they should use these one-time monies for one-time purposes. **Supt. Critchfield** stated the Department will provide guidance to local school districts on options to prioritize uses for these monies.

Supt. Critchfield reviewed the FY 2024 maintenance budget for the Facilities Division. This budget includes funding from the state's General Fund and Idaho Lottery proceeds for public school facility maintenance costs, charter school facilities, and support of the bond levy equalization program.

Supt. Critchfield reviewed the FY 2024 budget requests for the Central Services Division. This budget includes programs and funds spent at the state level by the Department of Education for the benefit of all school districts and charters. These funds are primarily used to contract for services and program oversight for students and schools.

Mr. Tatro gave a brief overview of Idaho Educational Services for the Deaf and the Blind (IESDB). The agency assists school districts and state agencies in providing accessibility, quality, and equity to students in the state with sensory impairments through a continuum of service and placement options.

Mr. Brian Darcy, Administrator, IESDB, described the agency as serving two diverse populations as one entity. He stated the agency's continuum includes monitoring, consultations, direct services, outreach programs, and the IESDB campus.

Mr. Darcy reviewed accomplishments since last year's appropriation for additional teachers; significantly, they have cut the referral backlog from 200 students to 56 students. He explained the agency's FY 2023 supplemental appropriation requests. These include inflation-related cost increases for operations, risk management premium increases, and vehicle replacements. Mr. Darcy supports the Governor's recommendations for the FY 2024 budget.

In response to committee questions about transportation costs, **Mr. Darcy** explained the agency purchases vehicles under the state's plan for cost savings. **Ms. Bonnie Jo Marshall**, Director of Finance, IESDB, gave further explanation.

In response to a committee question, **Mr. Adams** explained the difference between the Public School Income Fund (PSIF) and the Public Education Stabilization Fund (PESF).

Mr. Tatro explained the State Department of Education (SDE) is an executive agency of the State Board of Education and is established pursuant to Idaho Code **§33-125**. The State Superintendent of Public Instruction serves as the executive officer of the department and has the responsibility for carrying out policies, procedures, and duties authorized by law or established by the Board for all elementary and secondary school matters. The agency has two budgeted programs: Administration and Student Services.

Supt. Critchfield reviewed the FY 2023 supplemental appropriation requests and the FY 2024 budget requests for the Department of Education. In response to committee questions, she gave further explanation about the requested FTE positions.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:56 a.m.

Representative Horman
Chair

Alyson Jackson
Secretary