The Governor’s revised FY 2017 budget recommendation to the Legislature included a beginning balance of $50,456,300 and a revenue estimate of $3,354,545,000. After transfers and estimated expenditures, the Governor’s recommendation was an 8% increase from the FY 2016 Total Expenditures and was projected to end the fiscal year with a balance of $114,507,300.

The Joint Finance-Appropriations Committee (JFAC) adopted the Governor’s revenue estimate of $3,354,545,000.

JFAC also recognized $39,171,800 in General Fund revenue collected above the revenue estimate through January, and transferred $7,448,000 from the Consumer Protection Fund to the General Fund.

The Legislature transferred $52,000,000 from the General Fund to the Military Division in FY 2017 to replenish the state disaster fund and provide relief funding through grants for winter storm damage. The Governor supported these transfers.

After legislative action and transfers to other funds, the ending balance for FY 2017 is projected to be $73,422,500.

General Fund Revenue and Expenditures
FY 2008 - FY 2017 Estimate
(Millions)
FY 2018 Budget Highlights

Statewide

- The Governor’s revised budget recommendation reflected a 5.88% increase in spending. The Legislature’s final action on the General Fund budget reflected an overall spending increase of 5.43%.

- The Governor’s recommendation included $53,664,400 in transfers to and from other funds, plus a $33,545,500 statutory transfer to the Budget Stabilization Fund (BSF). The Legislature approved $50,164,400 in transfers to and from other funds and passed legislation that moved the statutory BSF transfer to the end of FY 2017.

General Fund Ending Balances
FY 2008 - FY 2018 Est.
(Thousands)
K-through-Career
The Governor recommended and the Legislature appropriated funding to implement a number of recommendations from the Governor’s Task Force for Improving Education. The Governor’s recommendation for the Public School Support Program was a 6.40% increase over the FY 2017 General Fund appropriation, while the Legislature’s appropriation was a 6.35% increase.

- **Career Ladder.** The Governor recommended $58,041,100 in ongoing General Fund for the career ladder. The Legislature appropriated $61,928,200 due to an increase in support unit growth numbers after the Governor’s recommendation was transmitted. Funding is for the third year of the five-year funding plan for the career ladder for certificated instructional employees and pupil service staff.

- **Technology.** The Governor recommended $10,000,000 and the Legislature appropriated an additional $5,000,000 as part of the five-year plan to fulfill the recommendation that the state invest $60,000,000 in classroom technology. This, in combination with the Legislature’s reallocation of other technology related funding streams, results in a total of $26,000,000 being available for classroom technology, classroom technology infrastructure, and instructional management systems that assist teachers and students in instruction or learning.

- **Professional Development.** The Governor recommended $6,000,000 and the Legislature appropriated $4,250,000 in ongoing General Fund for professional development that supports instructors and pupil services staff to increase student learning.

- **College and Career Counseling.** The Governor recommended $5,000,000 and the Legislature appropriated $2,000,000 for college and career counseling, bringing the total ongoing base funding to $7,000,000 annually. Alternative forms of advising and mentoring must be research based and delivered to students in grades 8 through 12.

- **Idaho Reading Indicator Assessment.** The Governor recommended $2,000,000 and the Legislature appropriated $100,000 in ongoing General Fund for the first year of a five-year funding plan that will require between $450,000 and $500,000 each year to redesign the Idaho Reading Indicator assessment for K-3 students.

- **Statewide Wi-Fi Services.** The Governor recommended $2,142,000 in ongoing General Fund and the Legislature appropriated the same amount as one-time funding to continue support for expansion of wireless infrastructure in each public school serving high school grades.

- **Advanced Opportunities.** The Governor recommended and the Legislature appropriated $1,000,000 in ongoing General Fund to accommodate the anticipated increase in the number of students utilizing the Advanced Opportunities Program due to recent streamlining and the addition of a new scholarship program.

- **Administrator Training on Teacher Evaluations.** The Governor recommended $2,500,000 in ongoing General Fund and the Legislature appropriated $1,000,000 for administrator training on teacher evaluations. This funding will support the training of administrators on teacher evaluations to ensure compliance with state evaluation requirements.
Summary Tables and Graphs

- **Health Benefits Indexed Inflation.** The Governor recommended $15,000,000 in a separate line-item of the K-12 budget to offset health insurance inflation for school district and charter school employees. The Legislature appropriated $9,967,800 for the health insurance offset within discretionary funding.

In addition to the recommendations of the Governor’s Task Force for Improving Education, funding was recommended and appropriated for other strategic investments in education funding.

- **STEM Computer Science Operating Expense Funding.** The Governor recommended $2,000,000 in ongoing General Fund and the Legislature appropriated the same amount in one-time funding to continue support for the computer science initiative to promote and support the needs of educators and industry.

- **STEM Operating Expense Funding.** The Governor recommended and the Legislature appropriated $500,000 in ongoing General Fund to address the needs of educators and employers including professional development, grants, competitions, awareness events, outreach, and research.

- **Public Schools IT Staffing.** The Governor recommended $500,000 and the Legislature appropriated $5,000,000 in ongoing General Fund to help offset technology staffing costs in school districts and charter schools.

- **Public Schools English Learner Curriculum.** The Governor recommended $300,000 and the Legislature appropriated $800,000 in ongoing General Fund to expand English Learner curriculum.

- **Ongoing K-12 Broadband Program.** The Governor recommended and the Legislature appropriated $800,000 in ongoing General Fund to expand the public internet reimbursement in the K-12 Broadband Program including broadband services from the public internet aggregation point to each school building serving students in grades K-12.

- **Career Ladder Equivalence.** The Governor recommended and the Legislature appropriated $1,239,700 in General Fund and dedicated fund spending authority for the first of three phases to address the recruitment and retention of certified teachers and certified pupil service personnel at the Idaho School for the Deaf and Blind, Idaho Department of Juvenile Corrections, and Idaho Department of Correction. The compensation plans were designed to create a level of equity with traditional public school teachers who are on the career ladder.

- **CTE Secondary Added Cost Funding.** The Governor recommended and the Legislature appropriated $375,000 in ongoing General Fund to increase funding by 5% to cover the additional technology and capital expense necessary to equip Career and Technical Education (CTE) secondary programs.

In the higher education budget, the Governor and the Legislature continued to emphasize increasing Go On rates and providing an educated workforce to meet the needs of the state’s employers.

- **Higher Education Building Initiative.** The Governor recommended and the Legislature appropriated a $35,000,000 transfer to the Permanent Building Fund that included $10,000,000 for a Center for Materials Science at Boise State, $10,000,000 for the University of Idaho to build the Center for Agriculture, Food and the Environment (CAFÉ) in the Magic Valley, and $10,000,000 for Lewis-Clark State College to construct a Career and Technical Education (CTE) building adjacent to the proposed Lewiston High School CTE facility. It also added $5,000,000 to the recommendation of the Permanent Building
Advisory Committee for a total of $10,000,000 to complete remodeling of the Gale Life Sciences Building at Idaho State University.

- **Graduate Medical Education Funding.** The Governor recommended and the Legislature appropriated $2,425,000 for additional medical residencies to address Idaho’s physician shortage. The increase in graduate medical education funding will expand programs at the Boise Family Medicine Residency Program, the Boise Internal Medicine Program, and the Idaho State University Family Medicine Residency Program. The residency program is a three-year program. The expansion will ultimately create 25 new residency seats annually, and at full build-out will result in a total of 75 additional practicing residents.

- **CTE Post-secondary Capacity Expansion.** The Governor recommended $982,500 and the Legislature appropriated $1,878,200 in General Fund to build training capacity at six post-secondary institutions throughout the state to produce more graduates for high-demand jobs.

- **CTE Adult Basic Education Expansion.** The Governor recommended and the Legislature appropriated $250,000 in ongoing General Fund to expand the Adult Basic Education Program’s capacity to transition underprepared adults into college and meaningful employment.

- **Community Colleges.** The Governor recommended $1,314,300 and the Legislature appropriated $1,443,000 in General Fund to support efforts to bolster recruitment and retention rates, accommodate enrollment growth, enhance reporting capabilities, ensure compliance with federal law, and balance funding between the three community colleges.

- **BSU Economic and Workforce Development.** The Governor recommended and the Legislature appropriated $2,088,800 in General Fund for a set of initiatives designed to help stimulate Idaho economic and workforce development that includes cooperative education program expansion, venture college program expansion, the bridge-to-career program, the Boise State X program, and a new PhD program in computing.

- **ISU Idaho Falls Polytechnic Initiative.** The Governor recommended and the Legislature appropriated $1,827,900 in General Fund to fulfill the Leadership in Nuclear Energy Commission’s recommendation for a polytechnic institution for Idaho Falls to ensure the Idaho National Laboratory maintains its status as the Department of Energy’s lead laboratory for nuclear energy in the United States.

- **UI Computer Science in Coeur d’Alene Phase 2.** The Governor recommended and the Legislature appropriated $715,100 for the second phase of the University of Idaho’s Coeur d’Alene computer science program. This will enable the University of Idaho to expand to a full four-year Bachelor of Science in Computer Science program.

- **LCSC Positions.** The Governor recommended $460,100 and the Legislature appropriated $594,000 in General Fund for faculty and advisor positions to accommodate enrollment growth and enhance student advising capacity in health professions education. Funding will also support the addition of a veterans services coordinator and the expansion of the college work scholars program.

- **UI Graduate Research Support.** The Governor recommended and the Legislature appropriated $500,000 in ongoing funding for Agricultural Research and Extension to address graduate student housing, lab renovations, and equipment needs.
Summary Tables and Graphs

State Employees

- The Legislature followed the Governor’s recommendation for a 3% change in employee compensation to be based on merit with flexibility for directors to address agency needs, as well as for shifting the pay scale upward by 3%. The Legislature also followed the Governor’s recommendation for funding to cover the 7% increase in employer costs for health insurance.

Strategic Investments

- **State Psychiatric Hospital Transformation.** The Governor recommended and the Legislature appropriated $11,091,900 in General Fund for the relocation of the adolescent unit from State Hospital South to a new 16-bed adolescent hospital, State Hospital West, to be located in the Treasure Valley. Upon completion of the new hospital, the prior adolescent unit at State Hospital South will be converted to a high-risk adult 20-bed psychiatric unit. Recognizing the immediate need for secured bed capacity, the Legislature followed the Governor’s recommendation for a supplemental for community hospitalization and ongoing General Fund for nine contract secured beds with the Idaho Department of Correction.

- **Community Crisis Behavioral Health Centers.** The Governor recommended and the Legislature appropriated $1,520,000 General Fund to operate two community crisis behavioral health centers, one in Twin Falls and one in Boise, that each received partial-year funding in FY 2017.

- **Jeff D Compliance.** The Governor recommended 18.0 FTP and $4,860,700, and the Legislature appropriated a mix of new and existing funding as an FY 2017 supplemental and FY 2018 line item, to satisfy stipulations of the Jeff D lawsuit settlement agreement. The appropriations include new positions to provide planning, implementation, system improvements/oversight, quality management, data production, data analysis, clinical oversight, administrative support, training, and accountability as required by the settlement agreement. Seven of the additional positions will be located statewide, one in each of the seven regional offices, to provide training, implementation, and ongoing oversight of the settlement agreement regionally. Additionally, the Legislature passed executive legislation to expand Medicaid to provide coverage to children below 300% of the federal poverty level with Serious Emotional Disturbance through a Medicaid waiver to meet the settlement agreement terms.

- **Felony Probation and Parole Offender Treatment.** The Governor recommended $11,232,700 for mental health treatment for moderate to high-risk felony probation and parole offenders. The Legislature appropriated $5,563,900 based on an updated gap analysis conducted by the Department of Correction and the Department of Health and Welfare.

- **Additional Senior Probation and Parole Officers.** The Governor recommended 24.0 FTP and $2,254,700, and the Legislature appropriated 12.0 FTP and $1,161,700, for additional probation and parole officers to allow the Department of Correction to focus resources on those offenders posing the highest risk to Idaho’s communities. The Legislature recognized it may need to adjust its appropriation due to the repeal of intermediate probationary sanctions and the unknown impact it may have on the supervised population.

- **Restrictive Housing Reform.** The Governor recommended and the Legislature appropriated 2.0 FTP and $159,600 to accommodate the increased capacity at the Idaho Maximum Security Institution (IMSI), due to the conversion of bed utilization from administrative segregation to general population. The funding provides one clinician to meet the mental health needs at IMSI and one instructor to establish an education footprint.
- **Drug Detection K-9 Officers.** The Governor recommended and the Legislature appropriated 2.0 FTP and $421,000 for additional K-9 teams at the Idaho State Police locations in Lewiston and Pocatello to improve the agency’s ability to combat the flow of drugs through the state and assist local agencies with detecting drugs on traffic stops and search warrants.

- **Crash Reconstruction Specialists.** The Governor recommended and the Legislature appropriated 3.0 FTP and $564,000 for three crash reconstruction specialists to allow the Idaho State Police to respond to requests from allied agencies that routinely seek assistance with investigating fatal crashes.

- **Sage-steppe Ecosystem Conservation Funding.** The Governor recommended and the Legislature appropriated $750,000 in ongoing General Fund to continue efforts to protect sage grouse and improve habitat. Activities include sage grouse population surveys; fire prevention, suppression, and restoration actions; and completion of a mitigation strategy.

- **Idaho Pollutant Discharge Elimination System Program.** The Governor recommended 11.4 FTP and $1,099,900 in General Fund to continue the implementation of the Idaho Pollutant Discharge Elimination System Program, which will allow the state to assume primacy from the Environmental Protection Agency. The positions include four permit writers, one compliance officer, three inspectors, one administrative assistant, and one Deputy Attorney General. The funding was appropriated as $895,000 General Fund and the balance in dedicated funds.

- **Good Neighbor Authority Authorization.** The Governor recommended and the Legislature appropriated 2.0 FTP and $750,000 split between General Fund, dedicated funds, and federal funds to expand the state’s ability to conduct forest management practices on National Forest Service lands. The funding will allow the Department of Lands to hire an additional senior forester, utilize group positions, and contract for assistance with timber sale preparation.

- **Water Management Positions.** The Governor recommended and the Legislature appropriated 3.0 FTP and $256,600 in General Fund for water management positions. These positions at the Department of Water Resources will address the increasing workload of the Water Supply Bank program, assist in administering surface and groundwater resources, and support the agency’s Stream Channel Protection program.

- **Animal Tracking Software.** The Governor recommended and the Legislature appropriated FY 2017 supplemental funding of $750,000 General Fund to develop animal tracking software at the Brand Board and Department of Agriculture to facilitate electronic management of animal identification numbers and other data pertaining to livestock movements into and out of the state.

- **Opportunity Fund Grants.** The Governor recommended $3,000,000 and the Legislature appropriated $2,000,000 through a General Fund transfer to the Idaho Opportunity Fund. These funds for public infrastructure related to business attraction are a key economic development tool for the state.

- **Workforce Development Training Fund Grants.** The Governor recommended $5,000,000 and the Legislature appropriated $2,500,000 through a General Fund transfer to the Workforce Development Training Fund at the Department of Labor to support additional grants to help educational entities meet industry workforce training needs.
• **Idaho State Historical Museum Expansion and Renovation.** The Governor recommended and the Legislature appropriated $1,082,600 General Fund, $56,400 in dedicated fund spending authority, and 5.0 FTP for the newly renovated museum, which will open in FY 2018.

• **Veterans Cemetery.** The Governor recommended and the Legislature appropriated federal fund spending authority and a transfer to the Veterans Recognition Fund for state matching dollars in anticipation of the United States Department of Veterans Affairs awarding the Idaho Division of Veterans Services a grant in FY 2018 to fund the majority of construction costs of a new veterans cemetery in Eastern Idaho. The total project costs for FY 2018 are $8,305,500.

• **Military Division Orchard Combat Training Center.** The Governor recommended and the Legislature appropriated $22,000,000 in federal fund spending authority for a 10,762 square foot Digital Air/Ground Integration Range that supports the training and testing requirements of the Idaho Army National Guard. The project includes a range control tower, latrines, and mess facility.