

### FY 2016 Budget Highlights

The Executive Budget for FY 2016 reflects Governor Otter's budgeting principles.

- Government should not grow at the same rate as the economy.
  - General Fund revenue is estimated to grow 5.5% to \$3,127,644,000 in FY 2016.
  - The Executive Budget calls for growth in spending of 5.2% to \$3,088,293,400 in FY 2016.
- Reserve funds depleted during the recession must be restored.
  - The Governor recommends legislation that will increase the statutory transfer to the Budget Stabilization Fund by \$4,100,000 to \$33,745,000.
- Structural balance in the state budget must be maintained.
  - No one-time funds are used for ongoing needs.

The Governor has crafted a responsible budget that includes:

- a 7.4% increase in spending for K-12 to implement the Education Task Force Recommendations, as well as funding for higher education and workforce development opportunities;
- the first year of a five-year approach to reduce Idaho's top marginal income tax brackets from 7.4% to 6.9%;
- and strategic investments to maintain core services while not losing efficiencies gained during the downturn.

### K-through-Career

The Executive Budget for FY 2016 reflects Governor Otter's priority of providing significant funding to implement recommendations from the Governor's Task Force for Improving Education.

- **Career Ladder - \$31,929,000.** Initial ongoing funding, as part of a five-year plan, is recommended for a career ladder for certificated instructional employees. The Governor's recommendation is contingent on the adoption of an integrated accountability structure that establishes clear expectations and rewards excellence in the classroom.
- **Discretionary Funding - \$20,000,000.** Funding for the five-year plan to restore discretionary funding to at least the FY 2009 distribution factor of \$25,696 is included at an amount that increases the distribution factor from \$22,401 to \$23,660.
- **Teacher Professional Development - \$17,650,000.** Additional ongoing funding to offset the cost of job-embedded professional development days is provided. The Governor recommends that the one-time FY 2015 appropriation of \$8,250,000 be made ongoing, and that an additional \$9,400,000 be appropriated for approximately two additional professional development days.
- **Classroom Technology - \$11,000,000.** Ongoing funding of \$11,000,000 (\$9,000,000 for classroom technology and \$2,000,000 for teaching training) for the task force recommendation to invest \$60,000,000 in classroom technology is included in the Executive Budget. The Governor recommends a five-year plan to fulfill the task force goal.
- **College and Career Counseling - \$2,500,000.** The Governor recommends funding for college and career counseling for students, which, according to the task force, is key to reaching Idaho's 60% goal. Consistent with the task force's recommendation, these funds are specifically for districts to implement an advising model that best fits their needs.

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- **Statewide Wi-Fi Services – \$2,250,000.** The one-time appropriation for FY 2015 is made ongoing for FY 2016 to continue funding the installation, repair, replacement, and support of a wireless technology infrastructure in each public high school for the use of mobile computing devices.
- **School Board Leadership Training - \$752,000.** Ongoing funding for training and development for school administrators, superintendents, and school board members in continuous improvement practices is provided.
- **Mastery-Based System Planning and Assessments - \$400,000.** The Executive Budget funds, on a one-time basis, the initial steps in piloting a mastery-based system where students progress only after demonstrating mastery of a subject or grade level.

In addition to the recommendations of the Governor’s Task Force for Improving Education, Governor Otter includes other strategic investments in public school funding.

- **Safe and Drug-Free School and Lottery Facilities Funding - \$8,415,700.** The Governor recommends General Fund to restore the use of lottery facilities funding and safe and drug-free school funding to their original statutory purposes.
- **Charter Commission Oversight - \$129,400 and 1.5 FTP.** Due to the growth in the number of charter schools, staffing levels are inadequate to provide the necessary oversight and advise the charter school boards and commission, all of which are important to maintain high standards.
- **Read to Me Minigrants - \$100,000.** Funding to enhance the Idaho Commission for Libraries support for public elementary schools' acquisition of library books is included.
- **Idaho Education Network - \$7,297,500.** To ensure uninterrupted broadband service to Idaho schools, the Governor recommends full funding (\$580,000 ongoing and \$6,717,500 one-time) for the Idaho Education Network in FY 2016.

In the higher education budget, the Governor continues his K-through-Career focus and emphasizes meeting the goal of at least 60% of Idaho citizens between the ages of 25 and 34 having a post-secondary degree or professional certification by 2020.

- **Complete College Idaho - \$3,352,700.** The Complete College Idaho initiative addresses specific higher education needs in the state including the following:
  - **\$1,113,000 for Boise State University** to remove existing bottlenecks to degree progression and graduation;
  - **\$630,600 for Idaho State University's** bridge programs, which are designed to address specific developmental needs for special populations to increase student retention;
  - **\$557,100 for University of Idaho** to increase advising staff to improve retention and graduation rates;
  - **\$299,600 for Lewis-Clark State College** to address demand for general education core courses by increasing key faculty positions;
  - **\$218,200 for College of Southern Idaho** for career and transition coordinators to provide career coaching to help students plan their education;

- **\$257,300 for North Idaho College** to increase advising staff to improve student accountability and better monitor student progress toward graduation; and,
- **\$276,900 for College of Western Idaho's** General Education Program, which is a 36-credit course of study where graduating students will be awarded a general education academic certificate.
  
- **Research Infrastructure Funds - \$325,000.** Increased funding for the Higher Education Research Council (HERC) will bolster the research infrastructure at Idaho's three public research institutions and Lewis-Clark State College.
  
- **Boise State University Computer Science Workforce Initiative - \$694,600.** This initiative provides additional computer science faculty and graduate assistants to graduate more computer science students per year to meet the compelling state workforce development and research needs in the local and regional software engineering community.
  
- **Idaho State University Career Path Internship Match - \$500,000.** This program creates opportunities for students to work in their field of study while still attending school. FY 2013 data shows that students participating in the CPI program had a graduation rate of 53.17% compared to the overall graduation rate of 34%.
  
- **University of Idaho Employee Readiness Program - \$518,400.** This funding will be used to add staff to create a much more aggressive career planning and placement function, build a strong internship program, and develop a formal undergraduate research program to ensure students have as many opportunities as possible to experience a research or applied project during their undergraduate program.
  
- **Lewis-Clark State College Work College Trial - \$209,700.** This funding will pilot the "work college" concept where students work at "regular" jobs at the institution for 10 hours per week (10 months per year) in exchange for coverage of 100% of their in-state tuition. Participating students, selected on the basis of financial need, would be able to graduate without incurring large student debt.
  
- **Professional-Technical Education Advanced Manufacturing Initiative - \$1,002,700.** This initiative will address emerging regional needs that include the demand for a skilled workforce in food processing, industrial mechanics, aerospace technology, machine tool technology, and aircraft maintenance. The funding would be distributed as follows:
  - **\$179,000 to the College of Southern Idaho** for food processing technology,
  - **\$190,000 to the College of Western Idaho** for advanced manufacturing training,
  - **\$196,000 to Eastern Idaho Technical College** for advanced manufacturing technologies,
  - **\$143,500 to Idaho State University** for advanced manufacturing and aircraft technology,
  - **\$139,700 to Lewis-Clark State College** for automated manufacturing, and
  - **\$154,500 to North Idaho College** for its aerospace program.
  
- **Secondary Professional-Technical Education Funding - \$1,009,400.** This funding increases secondary professional-technical education programs by 20%. As Agriculture Science and Technology Programs and Agriculture Science/Mechanics Programs received a 46.2% increase in FY 2015, they are not included.

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- **PTE Agricultural and Natural Resource Education Programs - \$600,000.** The Governor recommends General Fund (\$325,000) and dedicated funds (\$275,000) for grants to Agricultural and Natural Resources Education Programs.
- **Agricultural Research and Extension - \$1,528,900.** This funding fulfills the Governor's commitment to restore funding to assist the University of Idaho College of Agricultural and Life Sciences in developing competitive, productive, and sustained research and extension programs.
- **Continuation and Expansion of WWAMI seats - \$695,600.** The Governor recommends funding for the continuation of the five Idaho TRUST (Targeted Rural Under-Served Track) students added in the FY 2014 budget, the five additional students added in the FY 2015 budget, and five additional seats in the FY 2016 budget. This will bring the Fall 2015 incoming class of WWAMI students to 35.
- **Family Medicine Residency - \$682,200.** This funds the second year of operation of the Kootenai Health Family Medicine Residency (KFMR) program, maintenance of the current family medicine residency cohort size of 16 residents per year, and additional staff for Idaho State University's Family Medicine Residency to maintain adequate staff-to-resident ratios.
- **Psychiatry Residency Program - \$36,400.** The Executive Budget includes increased funding to place psychiatry residents in underserved communities using tele-psychiatry, helping to expand psychiatric coverage to those living in more remote areas of the state.
- **Forest and Rangeland Research - \$220,900.** This funding will provide for a forest research economist position and a rangeland resource management analyst position.
- **Business Development - \$298,600.** To help small businesses start, grow, and prosper, the Governor recommends four business consultants to enhance the Idaho Small Business Development Center's (SBDC) resources.

The Governor also recommends transfers to two grant programs to invest in career opportunities for Idaho citizens and provide economic growth for the state.

- **Industry Sector Grants - \$5,000,000.** These grants, awarded by the Workforce Development Council, incentivize partnerships between Idaho post-secondary education institutions and industry to develop a pool of skilled workers that meet the needs of Idaho businesses. The grants are used to develop new training programs, or to modify or build capacity in current ones.
- **Opportunity Fund - \$3,000,000.** These funds are used to support critical public infrastructure needs associated with job creation projects by providing performance-based grants to match community investments.

### **State Employees**

The Governor recommends a 3% CEC to be based on merit with flexibility for directors to address agency needs. He also recommends fully funding increased health benefit costs, thus cancelling the scheduled shift of costs to employees.

In addition, three agency-specific areas are addressed where turnover is significantly higher than the state average, positions cannot be filled due to compensation levels, or substantial salary parity within state government exists.

### **Strategic Investments**

The Executive Budget for FY 2016 includes strategic investments throughout state government.

Funding for the **Governor's Sage Grouse Initiative** will continue efforts to protect the species, improve habitat, and prevent listing under the Endangered Species Act.

- **Conservation Projects - \$250,000.** Projects will include lek monitoring conducted by Idaho Fish and Game (\$75,000), equipment and training for the Rangeland Fire Protection Associations (\$120,000), regional efforts to prevent sage grouse listing (\$50,000), and coordination costs for the Office of Species Conservation (\$5,000).
- **Conservation Initiative on Private Lands - \$250,000.** This will establish a financial matching component to enhance conservation efforts by private landowners (\$150,000), provide additional resources for habitat restoration and reduce fire hazards on private and state endowment lands (\$45,000), finalize a mitigation strategy for large-scale infrastructure development (\$25,000), provide funding for the legal defense of the Governor's sage grouse strategy (\$25,000), and fund coordination costs for the Office of Species Conservation (\$5,000).
- **Conservation Initiative on State Endowment Lands - \$250,000.** This will provide for fire prevention fuel breaks, conifer encroachment treatments, post-fire seeding, fire prevention brush management, wildlife fencing, flagging, and ramps (\$195,000), as well as two heavy equipment mechanic positions to refurbish water tender equipment (\$55,000).

The Governor recommends increased funding for natural resource agencies.

- **Department of Environmental Quality, Air Quality Program - \$85,200.** This will fund a new position to develop a state plan to address the newly proposed Environmental Protection Agency (EPA) rules for Greenhouse Gas Emissions. After completion of the state plan, the position will be necessary to monitor Idaho's progress towards emission reductions and communicate that progress to EPA.
- **Department of Environmental Quality, Idaho Pollutant Discharge Elimination System - \$261,400 and 3.0 FTP.** These positions will continue to develop water quality standards as Idaho prepares to seek EPA authorization for a state-operated pollutant discharge elimination system permitting program.
- **Idaho Department of Lands, Forest Stewardship Program - \$99,300 and 1.0 FTP.** This position will develop and administer the statewide Forest Stewardship Program.

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- **Idaho Department of Agriculture, Rangeland Management Program Enhancement - \$151,400 and 2.0 FTP.** With these additional positions, the department will be able to provide adequate staffing to manage the increasing range photo monitoring requests received from Idaho livestock producers that utilize public lands for grazing.
- **Department of Parks and Recreation, PC Fund Shift From RV Fund to General Fund - \$1,500,000.** In FY 2011, the RV user community supported the department by agreeing to use of the Recreational Vehicle Fund for Park Operations Personnel Costs for a period of five years. The Governor and department appreciate the support of the RV user community during the economic downturn, and prioritize the restoration of spending authority as the five-year period ends in FY 2015. This shift will allow Recreational Vehicle Fund revenues to be retained for their intended use.
- **Department of Parks and Recreation, Park Improvements:** The budget also recommends dedicated spending authority for the following improvements at parks: group camp area development at Farragut (\$328,000); two new yurts at Silver Lake in Harriman (\$24,000); a day-use parking lot at Round Lake (\$26,000); a camper cabin/information center at Lake Cascade (\$30,000); a group shelter at Thousand Springs (\$75,000); a group shelter at Harriman (\$75,000) and a vault toilet at Harriman (\$20,000).
- **Wolf Control Program - \$400,000.** The Governor recommends a transfer to the Wolf Control Fund for a three-way partnership between livestock owners, sportsmen, and the state for predator control.

The Governor recommends important investments in health and human services to provide better outcomes for Idahoans.

- **Department of Health and Welfare, Community Crisis Center - \$1,720,000.** The Governor remains committed to the vision of providing every region in the state access to a community crisis center. Community crisis centers are voluntary, short-term care, contract facilities that provide critical stabilization services for individuals in crisis that may otherwise be forced into more costly emergency room visits, hospitalizations, or incarceration. Individuals served in crisis centers are discharged with a plan to access ongoing treatment services in order to avert future crisis.
- **Department of Health and Welfare, State Healthcare Innovation Plan (SHIP) - \$3,479,800 for FY 2015 and \$8,772,100 for FY 2016.** This federal spending authority for SHIP is to redesign the current healthcare system in Idaho by moving the current fee-for-services system to a value-based system while improving health outcomes. The plan engaged multiple stakeholders from around the state, including healthcare providers, insurance providers, and consumers.
- **Division of Veterans Services - Veterans Service Officer - \$92,000 and 1.0 FTP.** This will fund a veterans service officer position in Twin Falls, which currently relies on the service officers from the Treasure Valley.

Additional funding for public safety is recommended.

- **Idaho State Police, Patrol Officers - \$939,900 and 6.0 FTP.** The number of officers serving the state has not kept pace with increased population. The Governor recommends six additional patrol officers to help bridge this gap.
- **Idaho State Police, Fusion Center Analysts - \$177,000 and 2.0 FTP.** This funding supports operations at the Idaho Criminal Intelligence Center, Idaho's federally designated fusion center.
- **Department of Corrections, Behavioral Health Unit Security Staff - \$164,300 and 3.0 FTP.** The Behavioral Health Unit at the Pocatello Women's Correctional Center houses offenders with acute mental health conditions, offenders on suicide watch, and offenders who need additional treatment and programming.
- **Department of Correction/Idaho State Police – Sexual Offender Management Board Legislation - \$1,467,600 and 12.5 FTP.** The legislation will implement a risk-based sexual offender registration level system to be administered by the SOMB. Community Supervision will use electronic monitoring technology for the highest risk level offenders. Staff positions include one technical records specialist, one hearing officer, and two clinicians for the SOMB; 4.5 FTP to administer the electronic monitoring program; and 4.0 FTP for the ISP Bureau of Criminal Identification to maintain the central sex offender registry.

The budget contains increased funding for general government.

- **State Tax Commission, Reduce Refund Fraud and Identity Theft - \$122,200 and 2.0 FTP.** Protecting Idahoans against fraud is also a priority for Governor Otter. Fraudulent returns are becoming an increasingly common problem for the state, with an estimated \$5,000,000 in tax refunds made to improper parties annually. Additional staff are recommended to manually review flagged accounts and addresses to reduce fraudulent returns.
- **Permanent Building Fund - \$6,250,000.** This transfer will allow for additional alteration and repair projects on state property. Agencies submitted a total of \$93,244,575 in alterations and repair projects to the Division of Public Works in FY 2016, and the division is able to fund \$15,008,300 from its current revenue.