

FY 2017 Budget Highlights

The Executive Budget for FY 2017 reflects Governor Otter's budgeting principles.

- Education is the top priority.
- Growth in government should be limited.
- The focus will remain on strategic investments and providing core services.

The Governor has crafted a responsible, structurally balanced budget that includes

- a 7.9% increase in spending for K-12 education;
- \$25,377,200 for post-secondary education to expand research initiatives, workforce development, and education opportunities;
- and \$17,202,000 in FY 2016 and \$28,669,000 FY 2017 to conform to the federal tax code.

K-through-Career

The Executive Budget for FY 2017 reflects Governor Otter's priority of providing significant funding to implement recommendations from the Governor's Task Force for Improving Education.

- **Career Ladder - \$39,896,200.** Funding for the second year of the five-year funding plan for the career ladder for certificated instructional employees and pupil service staff is provided. Of the total, \$1,780,400 is attributable to the incremental increase of adding pupil service staff to the career ladder.
- **College and Career Advising - \$5,000,000.** The Governor recommends funding for college and career counseling for students, which is key to reaching Idaho's 60% goal. Consistent with the task force's recommendation, funds should be appropriated specifically for districts to implement an advising model that best fits their needs.
- **Professional Development - \$5,000,000.** Ongoing funding is provided for teacher professional development, specifically for mentoring.
- **Discretionary Funding - \$29,994,300.** The Governor recommends funding to fully restore discretionary funding. This additional funding increases the distribution factor from \$23,868 to \$25,696 and completes the restoration of discretionary funding to the FY 2009 distribution factor.
- **Classroom Technology - \$10,000,000.** The budget provides \$10,000,000 as part of the five-year funding plan for fulfilling the recommendation that the state invest \$60,000,000 in classroom technology. This brings the ongoing total to \$23,000,000 for technology.
- **ADA Stability and Mobility - \$2,511,400.** Ongoing General Fund for schools that experience enrollment growth throughout the school year is provided. This supports legislation to implement the public school funding subcommittee's recommendation.
- **Mastery-based System Development - \$1,100,000.** This funding will support the continued development of mastery-based education in Idaho, as reflected in statute.
- **Literacy Proficiency - \$10,700,000.** Ongoing General Fund for literacy proficiency is recommended. Funding will support increased intervention, including the option of full-day kindergarten for students who score below basic on the Idaho Reading Indicator (IRI), 20-hour interventions for students in grades

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one through three who score basic on the IRI, and interventions for students who score basic or below basic on the IRI alternative.

- **Statewide Wi-fi Services - \$2,204,200.** The Governor recommends funding to continue support for expansion of wireless infrastructure to public schools. The program provides wireless networking technology in all instructional and administrative areas in public schools.

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

- **STEM Action Center Grants, Projects, and Program Administration - \$2,000,000.** The Governor recommends ongoing General Fund to promote Science, Technology, Engineering, and Math (STEM) activities throughout Idaho by engaging educators and industry. Funding will support professional development for educators, pilot programs promoting STEM education, classroom grants, needs and gap analyses, outreach, and research.
- **STEM Action Center Industry Contributions and Projects - \$2,000,000.** This dedicated fund spending authority will allow for the expenditure of funding received via industry, private donations, and grants. Industry has indicated an interest in a matching funds campaign to support the statewide Science, Technology, Engineering, and Math (STEM) fair, robotics competitions, and computer science professional development for educators.
- **STEM Computer Science and Coding Initiative - \$99,000 and 1.0 FTP.** The goal of this initiative is to implement computer science and coding instruction in schools across the state to better prepare secondary students for post-secondary success and eventual employment in this high-demand field.
- **STEM Education Fund - \$10,000,000.** This transfer to the STEM Education Fund will support the programs and priorities of the state in advancing Science, Technology, Engineering, and Math (STEM) education in public schools and Idaho post-secondary education institutions.
- **School Security Assessments - \$270,000 and 5.0 FTP.** The Governor recommends the creation of the Office of School Safety and Security within the Division of Building Safety. These funds will be combined with \$300,000 from the Public School Income Fund to examine all aspects of school security from a proactive point of view including ongoing site assessments at schools statewide.
- **Idaho School for the Deaf and Blind Cottage Occupancy - \$189,500.** Funding is provided for repairs and ongoing costs to allow the Idaho School for the Deaf and Blind to open a cottage that will house 10 new residential students.
- **Military Division Youth Challenge Program Acclimation Phase Support - \$97,300.** Funding is recommended for National Guard members to provide additional supervision and support during the first two weeks of every new Youth Challenge Program class.

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.

- **Opportunity Scholarship - \$5,000,000.** The Governor recommends increasing Opportunity Scholarship funding to allow for the award of 1,825 new scholarships at \$3,000 each and 1,572 renewals at \$3,000 each.
- **Adult Degree Completion Scholarship - \$5,000,000.** This initiative creates a completion scholarship to incentivize Idahoans with some college, but no degree or certificate, to finish a post-secondary program. Funding will help Idaho residents return to school and complete their academic studies. The scholarship is intended to support students returning to college after an absence of at least three years to complete their first undergraduate degree. Applicants who meet eligibility criteria may qualify for up to \$3,000 per academic year for up to eight consecutive semesters.
- **Tuition Lock - \$10,000,000.** The Governor's tuition lock initiative will cap tuition for qualified students over a four-year period and will provide students with a level of certainty and predictability when paying for their college education. It also addresses affordability, which is one of the most significant barriers to the "go on" rate and retention. The budget includes a one-time General Fund transfer to the Higher Education Stabilization Fund to provide a reserve should enrollment outpace the projection-based appropriation as the tuition lock initiative is implemented.
- The **Complete College Idaho initiative** addresses specific higher education needs in the state including the following:
 - **\$1,413,900 for Boise State University** to support four positions for the learning assistants program, five full-time positions as part of the university's effort to reduce its reliance on adjunct faculty members, and nine advisor positions to increase student retention and graduation.
 - **\$305,600 for Idaho State University** to provide work and service opportunities for students to gain practical experience and learn more about the relevance of their academics to the workplace.
 - **\$790,900 for the University of Idaho** to support one clinical psychologist, one director of retention, five intervention specialists, one part-time tutoring and college success manager/academic support coordinator, one tutoring coordinator, one supplemental instruction coordinator, and hourly supplemental instruction by student tutors. The combination of these positions will help the university meet the needs of students enrolled via the direct admission, "go on", and Complete College Idaho initiatives. Augmenting and expanding these student success support activities will help address critical strategic goals including "go on" rates, retention, graduation, and employment.
 - **\$425,500 for Lewis-Clark State College** to support one veterans advisor, one kinesiology assistant professor, faculty retention dollars, and one business assistant professor. The positions will directly support academic and student affairs, the strategic initiatives of Lewis-Clark State College, and attainment of the State Board of Education's Complete College Idaho initiative.
 - **\$158,900 for North Idaho College** for a coordinator for retention and completion position and a transition coordinator position.
 - **\$242,500 for the College of Southern Idaho** to develop a comprehensive approach to post-secondary dual-credit educational services for high school students.
 - **\$367,900 for the College of Western Idaho** for four advisors, one data analyst, and one engineering faculty position.

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- **Enrollment Work Load Adjustment Restoration - \$3,874,500.** For four-year institutions and community colleges experiencing a decrease in the formula-generated enrollment-workload adjustment, the Governor recommends restoring the funds to avoid a reduction in the base appropriation in FY 2017.
- **HERC Undergraduate Research - \$300,000.** Ongoing General Fund is recommended to support undergraduate research, fellowships, research material purchases, travel, and curricula development for project-based classes.
- **Boise State University Materials Science and Engineering Research Initiative - \$617,100.** This initiative funds three new faculty lines and five graduate assistants to enhance the materials science and engineering PhD program. The Micron Foundation provided \$13,000,000 for three years of start-up funding to create this program.
- **Idaho National Laboratory/Boise State University CyberSecurity Lab - \$1,000,000.** The Governor recommends the development of a process control cybersecurity lab at Boise State University, in collaboration with the Idaho National Laboratory (INL). This program will leverage the unique cybersecurity capabilities of INL to help expand Idaho's computer science talent pipeline and foster new research and development to identify methods to protect the state's resources and infrastructure.
- **Idaho State University Health Sciences Expansion - Meridian Campus - \$1,740,600.** This funding will expand the Doctor of Physical Therapy (DPT) Program at the Meridian Health Science Center. This program typically receives 250 applications for the 24 to 26 seats currently available each year on the Pocatello campus. The expansion of the Meridian Health Science Center will allow the university to admit between 48 and 50 students per year into the program. It is estimated that with the increased capacity, the number of graduates will double within three to four years.
- **University of Idaho Occupancy Costs - \$1,412,800.** The budget includes funding for occupancy costs to cover the Aquaculture Research Institute Lab, the Integrated Research and Innovation Center, the education building, the University House, the Center on Disabilities and Human Development - Alturas Park, and the Parma onion storage facility within the Agricultural Research and Extension budget.
- **University of Idaho Law and Justice Learning Center Rent - \$244,200.** Funding for rental costs at the remodeled Idaho Law and Justice Learning Center (formerly the Capitol Annex) is provided.
- **Lewis-Clark State College Safety, Security, and Compliance - \$193,700.** This funding will support one Title IX compliance coordinator, one security officer, surveillance cameras and licenses, a campus notification system, and an electronic access expansion.
- **College of Southern Idaho Student Instructional Support - \$113,200.** The Governor recommends ongoing General Fund to expand resources for post-gateway high-risk classes, such as biology, chemistry, high-level math, and nursing, based upon the success ratio of the courses. This would involve hiring skilled students, part-time staff, and adjunct faculty to assist in these areas. It is expected that there will be immediate results in retention and course completion rates because of this added support.
- **College of Southern Idaho Institutional Researcher - \$91,500.** This position will provide consistent support to the college's existing staff and will improve the process of generating needed reports for evaluation and decision making.

- **North Idaho College Occupancy Costs - \$615,100.** Funding is provided for occupancy costs for the career and technical education facility and the automotive technology center.
- **North Idaho College Enhanced Campus Security - \$116,100.** Two security officer positions will increase the visual presence of campus security and enhance the ability to respond to multiple calls.
- **College of Western Idaho Funding Equity - \$500,000.** The Governor recommends addressing the continued funding inequity between the College of Western Idaho, North Idaho College, and the College of Southern Idaho.
- **Start-up Funding for Eastern Idaho Community College - \$5,000,000.** A one-time General Fund transfer to the Higher Education Stabilization Fund is provided for start-up funding, should voters approve the establishment of a community college district in eastern Idaho.
- **Five Additional WWAMI Seats - \$278,900.** The Governor recommends adding five additional seats to the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) medical education program. The added seats will bring the incoming Fall 2016 class to a total of 40, fulfilling the recommendation of the State Board of Education's medical education subcommittee.
- **Two Additional UUSOM Seats - \$84,600.** This funding will provide two additional University of Utah School of Medicine (UUSOM) seats for medical students. This recommendation will increase the incoming Fall 2016 class of students from eight to 10 so that by FY 2020 there will be a total of 40 Idaho students enrolled in UUSOM medical school.
- **Family Medical Residency - \$180,000.** The budget provides funding for the third and final year of build-out costs for six residents of the Kootenai Health Family Medicine Residency (KFMR) program. By FY 2017, the final six residents will be added to reach the full complement of 18 residents, with each to complete the full three-year residency training program.
- **Professional-Technical Education Post-secondary Capacity Expansion - \$3,791,200 and 38.0 FTP.** This initiative will build training capacity at six post-secondary institutions throughout the state to produce more graduates for high-demand jobs in health care, information technology, mechatronics, and transportation. On average, there are 2,180 annual job openings across these four major industry areas. However, capacity in the programs that train in these areas is limited, with annual program graduates at 542, and an average wait list of 825 across the four areas. The additional funding will provide annual capacity expansion of 410 seats for jobs that have a median hourly wage of \$19.10 per hour.
- **Agriculture and Natural Resource Program Funding - \$325,000.** This will provide continued funding for incentive and start-up grants to enhance the quality and quantity of agricultural and natural resources education programs in high schools across the state.

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 a larger-than-anticipated increase in health benefit costs, with no increased costs to employees. A FY 2016 transfer to the Group Insurance Account of \$13,140,000 to maintain the contractually required reserves is also recommended.

Primary Care Access Program

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The Governor is recommending the creation of the **Primary Care Access Program (PCAP)**, an initiative to provide primary and preventative care access for Idaho's low-income, uninsured population through local community health centers and rural health clinics. This public/private partnership is funded by the state, with no federal rules or mandates.

The program is funded by redirecting revenue from existing tobacco and cigarette tax. This will reduce revenue to the General Fund by \$21,200,000 (\$10,000,000 from cigarette tax and \$11,200,000 from the tobacco tax).

Strategic Investments

The Executive Budget for FY 2017 includes strategic investments throughout state government.

- **Office of Species Conservation Governor's Sage Grouse Initiative - \$500,000.** Funding for this initiative will continue efforts to protect the species and improve habitat. Projects include state and private land conservation and restoration efforts, continued support of Rangeland Fire Protection Associations, lek monitoring conducted by Idaho Fish and Game, and infrastructure mitigation.
- **Idaho State Historical Museum Educational Exhibitions - \$8,000,000.** The Governor recommends up to \$4,000,000 for exhibits at the Idaho State Historical Museum contingent upon an agency fundraising match. In addition, \$4,000,000 in dedicated fund spending authority for matching funds for museum exhibits is included.
- **Idaho Transportation Department Spending Authority Increase - \$58,237,800.** Ongoing spending authority is provided for new user revenue generated in the State Highway Account related to the implementation of HB 132 and HB 312a.
- **Idaho Transportation Department Strategic Initiatives Program Fund - \$54,700,000.** One-time spending authority in the Strategic Initiatives Program Fund related to FY 2015 surplus revenue is recommended, as outlined in HB 312a.
- **Idaho Transportation Department Federal Fund Increase - \$21,270,200.** Dedicated and federal fund spending authority related to the Fixing America's Surface Transportation (FAST) Act is included. The FAST Act is a federal multi-year transportation bill that was signed on December 4th, 2015. It provides increased federal funding for highway transportation and safety.

Increased funding to address costs associated with fires throughout the state is recommended.

- **Department of Lands Fire Preparedness - \$919,800 and 3.33 FTP.** This is split between General Fund and dedicated funds, and is partially funded as a supplemental in FY 2016. The positions will support the Fire Management Program and improve the initial attack response for fires. This personnel enhancement will allow the department to position firefighters more strategically with the goal of suppressing fires before they require Interagency Incident Management Teams, which are more expensive.
- **Department of Lands Fire Suppression Fund - \$50,000,000.** The state will need to pay for firefighting costs incurred in previous years.
- **Department of Lands Rangeland Fire Protection Association - \$140,000.** These funds will provide personal protective equipment, communications equipment, training materials, and two heavy

equipment mechanics positions to refurbish firefighting equipment for the formation of Rangeland Fire Protection Associations. Currently, there are six in operation with the potential of two to four more forming.

The Governor recommends funding to support water management and sustainability initiatives.

- **Department of Water Resources Staff for SWC Settlement Agreement - \$546,100 and 4.0 FTP.** These positions will support the implementation and enforcement of new water measurement and reporting requirements within the Eastern Snake Plain Aquifer (ESPA). The SWC agreement requires installation of flow meters on approximately 4,000 wells within the ESPA by 2018. One position will be dedicated to general water district assistance including water district creation/modification, water distribution complaints, and water delivery call investigations.
- **Department of Water Resources Water Sustainability Projects - \$2,000,000.** The Governor recommends ongoing General Fund for state-sponsored water conservation and enhancement programs and projects pursuant to the Water Resources Board water sustainability policy.
- **Department of Water Resources Water Sustainability Projects - \$10,000,000.** This one-time transfer to the Aquifer Planning, Management, and Implementation Fund will be used for projects including, but not limited to, technical studies, hydrologic monitoring, measurement, and comprehensive plan development.

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, Expanded Access Program for Epilepsy - \$128,000.** Expanded Access is a pathway created by the United States Food and Drug Administration (FDA) that gives patients access to certain investigational drugs that have not yet been FDA-approved. The Governor created an Expanded Access Program on April 16, 2015, in Executive Order 2015-03 as a treatment option for children with treatment-resistant epilepsy. The program provides Epidiolex, a medication not yet FDA-approved or commercially available, for up to 25 Idaho children with severe seizure disorders.

Additional funding for public safety is recommended.

- **Public Defense Reform - \$5,000,000.** The Governor has reserved \$5,000,000 for efforts of the legislature's interim committee to reform the public defense system.
- **Idaho State Police RCC Console/Recorder Systems - \$967,900.** This funding will replace the integrated radio/phone console and recording systems at the Regional Communications Centers.

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- **Idaho State Police RCC Retention Pay Plan - \$179,000.** The Governor recommends ongoing General Fund to implement a retention plan to address high turnover in the Regional Communications Officer (RCO) positions. Annual turnover in the RCO position averaged 21.6% over the past five fiscal years. It currently takes up to eight months of training at a cost of \$37,400 to hire a new RCO. ISP's starting hourly rate is far below the average competing agency starting rate.
- **Idaho State Police RCC Staffing - \$257,000 and 4.0 FTP.** This funding will add three regional communications officers (RCO), one in Coeur d'Alene and two in Meridian, to meet increasing demands for service. A dispatch systems programmer analyst will administer Idaho's migration to geospatial routing.