

FY 2018 Budget Highlights

The Executive Budget for FY 2018 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

- \$104,200,000 in funding for recommendations from the Governor's Task Force for Improving Education;
- a \$35,000,000 transfer to the Permanent Building Fund for investment in higher education facilities;
- a \$10,296,200 transfer to the Permanent Building Fund to build new and remodel existing buildings to provide new adolescent and high-risk adult mental health facilities;
- and \$46,000,000 in tax relief through reduction of the unemployment insurance tax.

K-through-Career

The Executive Budget for FY 2018 reflects Governor Otter's priority of providing significant funding to implement recommendations from the Governor's Task Force for Improving Education.

- **Career Ladder - \$58,000,000.** Funding for the third year of the five-year funding plan for the career ladder for certificated instructional employees and pupil service staff is provided.
- **Technology - \$10,000,000.** The Governor recommends the addition of \$10,000,000 to the existing base funding of \$18,000,000. This contributes to the fulfillment of the task force recommendation to invest \$60,000,000 in classroom technology.
- **Professional Development - \$6,000,000.** Ongoing funding is provided for teacher professional development, including mentoring.
- **College and Career Counseling - \$5,000,000.** The recommended addition of \$5,000,000 to the existing base funding for college and career counseling would bring the ongoing total to \$10,000,000 annually.
- **Idaho Reading Indicator Assessment - \$2,000,000.** Funding is included to provide teachers with a new and updated Idaho reading indicator assessment with the intent that students in kindergarten through third grade will be reading at grade level by the end of their third-grade year.
- **Statewide Wi-Fi Services - \$2,142,000.** The Governor recommends making the FY 2017 one-time appropriation ongoing to continue support for expansion of wireless infrastructure in all instructional and administrative areas in public schools.
- **Advanced Opportunities - \$1,000,000.** Funding is recommended 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.

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- **Principals Pursuing Excellence - \$2,500,000.** Funding is included for a voluntary program to provide support and professional development to school administrators in low-performing schools to help them identify strategies for school improvement.
- **Administrator Training on Teacher Evaluations - \$2,500,000.** This funding will provide training to administrators on teacher evaluations to ensure that teacher progression on the career ladder is based on accurately measured performance.
- **Health Benefits Indexed Inflation - \$15,000,000.** In lieu of additional discretionary funding beyond the maintenance level, \$15,000,000 is recommended to offset health insurance inflation for school district and charter school employees.

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

- **STEM Computer Science Operating Expense Funding - \$2,000,000.** The Governor recommends making the FY 2017 one-time appropriation ongoing to continue support for the computer science initiative to promote and support the needs of educators and industry.
- **STEM Operating Expense Funding - \$500,000.** This funding will be used to address the needs of educators and employers including professional development, grants, competitions, awareness events, outreach, and research.
- **Public Schools IT Staffing - \$500,000.** This funding will support technology systems in school districts and charter schools.
- **Public Schools English Learner Curriculum - \$300,000.** This funding will expand English Learner curriculum to approximately 5,000 of the estimated 10,000 students who could benefit from this program.
- **Ongoing K-12 Broadband Program - \$800,000.** This additional investment will 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 - \$1,239,700.** This is the first of three phases to address the recruitment and retention of certified teachers and certified pupil service personnel at the 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 - \$375,000.** The Governor recommends increasing 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 continues to emphasize increasing Go On rates, providing an educated workforce to keep Idaho's economy growing, and meeting the needs of the state's employers.

- **Adult Completers Scholarship - \$3,000,000.** In support of the goal of at least 60% of Idaho citizens between the ages of 25 and 34 having a post-secondary degree or certificate by 2020, this scholarship is intended to support adult students returning to a public college or university after an absence of at least three years who are completing their first undergraduate degree. Applicants may qualify for up to \$3,000 per academic year for up to eight consecutive semesters.
- **Higher Education Building Initiative - \$35,000,000.** This transfer to the Permanent Building Fund includes \$10,000,000 for a Center for Material 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 adds \$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 - \$2,425,000.** The Governor recommends 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 - \$982,500.** This will build training capacity at six post-secondary institutions throughout the state to produce more graduates for high-demand jobs including welding at CSI and ISU; mechanics at CWI, EITC, and LCSC; and medical lab technicians at NIC.
- **CTE Adult Basic Education Expansion - \$250,000.** This will expand the Adult Basic Education Program's capacity to transition underprepared adults into college and meaningful employment.
- **Community Colleges - \$1,314,300.** Funding will 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 - \$2,088,800.** This will fund a set of initiatives designed to help stimulate Idaho economic and workforce development that include cooperative education program expansion, the venture college program expansion, the bridge-to-career program, the Boise State University X employer and university educational program, and the new PhD program in computing.
- **ISU Idaho Falls Polytechnic Initiative - \$1,827,900.** Funding will fulfill the Leadership in Nuclear Energy Commission's recommendation for a polytechnic institution for Idaho Falls to ensure that

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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 - \$715,100.** The second phase of the University of Idaho's Coeur d'Alene computer science program will enable the University of Idaho to expand to a full four-year Bachelor of Science in Computer Science program.
- **LCSC Positions - \$460,100.** Recommended funding will provide 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 - \$500,000.** This is ongoing funding for Agricultural Research and Extension to address graduate student housing, lab renovations, and equipment needs.

State Employees

The Governor recommends a 3% CEC to be based on merit with flexibility for directors to address agency needs. Funding to cover the 7% increase in employer costs for health insurance is also recommended.

Strategic Investments

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

- **State Psychiatric Hospital Transformation - \$11,091,900.** There is a critical need for secured mental health bed capacity and the budget recommendation includes a multi-part plan to address it. The Governor recommends 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. The recommendation includes a \$10,296,200 one-time General Fund transfer to the Permanent Building Fund for construction of a new facility and for the conversion costs at State Hospital South. Recognizing the immediate need for secured bed capacity, the recommendation includes a supplemental for community hospitalization and ongoing General Fund for nine contract secured beds with Idaho Department of Correction.
- **Community Crisis Behavioral Health Centers - \$1,520,000.** The Governor continues his commitment to community crisis behavioral health centers by providing full funding for two crisis centers, one in Twin Falls and one in Boise, that received partial-year funding in FY 2017.
- **Jeff D Compliance - \$4,860,700 and 18.0 FTP.** An FY 2017 supplemental and recommended funding in FY 2018 will be dedicated to satisfying the Jeff D settlement agreement. New positions will 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 these additional positions would be located statewide, one in each of the seven regional offices, to provide training, implementation, and ongoing oversight of the settlement agreement regionally. A transfer of

General Fund to the Division of Medicaid is also recommended to provide Medicaid 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 - \$11,232,700 and 1.0 FTP.** As a result of the Justice Reinvestment Initiative, the Department of Health and Welfare and Department of Correction contracted for a gap analysis to determine the behavioral health needs for felony probation offenders. The evaluation identified 7,388 moderate to high risk offenders with mental health needs. To reduce recidivism, this recommendation provides funding to treat all 7,388 offenders through a management services contract.
- **School-based Services Support - \$155,200 and 2.0 FTP.** The Governor recommends the Department of Health and Welfare manage a contract with a third-party billing agency to give school districts throughout the state the option of assistance with their Medicaid claims and reimbursement forms. This contract should provide a reduction in current administrative contract costs and ultimately reduce the number of incorrect claims and fines to school districts. The positions will manage the contract. School-based services account for more than \$40,000,000 of the Medicaid budget.

Additional funding for public safety is recommended.

- **Additional Senior Probation and Parole Officers - \$2,254,700 and 24 FTP.** The Governor recommends adding 24 officers to allow the Department of Correction to focus resources on those offenders posing the most risk to Idaho's communities.
- **Restrictive Housing Reform - \$159,600 and 2.0 FTP.** The Department of Correction has increased capacity at the Idaho Maximum Security Institution by changing bed utilization from administrative segregation to general population. This funding will provide one clinician to meet the mental health needs of the institutions population and one instructor to establish an education footprint at the Idaho Maximum Security Institution.
- **Drug Detection K-9 Officers - \$421,000 and 2.0 FTP.** Additional K-9 teams at the Idaho State Police locations in Lewiston and Pocatello will 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 - \$564,000 and 3.0 FTP.** The new positions will allow Idaho State Police to respond to requests from allied agencies that routinely seek assistance with investigating fatal crashes.

The Governor recommends funding to support resource management throughout the state.

- **Sage-steppe Ecosystem Conservation Funding - \$750,000.** Funding for this initiative will continue efforts to protect the sage grouse and improve habitat.
- **Idaho Pollutant Discharge Elimination System Program - \$1,279,900 and 11.4 FTP.** Funding is provided for the continued implementation of the Idaho Pollutant Discharge Elimination System,

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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.

- **Good Neighbor Authority Authorization - \$750,000 and 2.0 FTP.** To expand the state's ability to conduct forest management practices on National Forest Service lands, the Governor recommends expanding investment in the Good Neighbor Authority program. The mixture of General Fund, federal fund spending authority, and dedicated fund spending authority 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 - \$256,600 and 3.0 FTP.** 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.

The Executive Budget for FY 2018 includes strategic investments throughout state government.

- **Animal Tracking Software - \$750,000.** FY 2017 supplemental funding is recommended 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 - \$3,000,000.** The Governor recommends 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 - \$5,000,000.** The Governor recommends 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.
- **State Museum Expansion and Renovation - \$1,139,000 and 5.0 FTP.** The newly renovated state history museum will open in FY 2018 and the Governor recommends additional staffing.
- **Veterans Cemetery - \$8,305,500.** The Governor recommends 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.
- **Orchard Combat Training Center - \$22,000,000.** This federal fund spending authority will be used for a 10,762 square foot Digital Air/Ground Integration Range (DAGIR) that supports the training and testing requirements of the Idaho Army National Guard. The project includes a range control tower, latrines, and mess facility.