

FY 2019 Budget Highlights

The Executive Budget for FY 2019 reflects Governor Otter's goal of ensuring the state is in a better position than when he took office.

- Education, including K through Career, remains the top budget priority.
- Growth in government remains limited with a focus on core services and retaining efficiencies.
- Strategic investments to address long-term problems are made.
- Rainy day accounts are healthy.
- Taxpayers are keeping more money in their pocketbooks than when Governor Otter took office.

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

- \$123,327,500 in funding for recommendations for K through Career enhancements,
- a \$25,000,000 transfer to the Permanent Building Fund for repair and maintenance of existing facilities,
- funding to address significant information technology upgrades throughout state government,
- \$36,546,100 for transfers to replenish savings accounts,
- \$115,000,000 in tax relief over three years through reduction of the unemployment insurance tax, and
- \$94,700,000 in tax relief that includes returning to Idaho taxpayers revenue generated from conforming to tax changes at the federal level. This tax relief/tax conformity proposal drops income tax rates in all brackets for individuals and businesses by 0.45 percentage point and creates an \$85 nonrefundable Idaho dependent tax credit.

K through Career

The Executive Budget for FY 2019 reflects Governor Otter's priority of providing significant funding to implement recommendations from the Governor's Task Force for Improving Education.

- **Career Ladder - \$41,667,200.** Funding for the fourth 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 \$26,000,000. This contributes to the fulfillment of the task force recommendation to invest \$60,000,000 in classroom technology.
- **Professional Development - \$4,000,000.** Funding will bring the number of teacher professional development days to two and a half days beyond the FY 2015 appropriation.
- **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 \$12,000,000 annually.
- **Advanced Opportunities - \$8,000,000.** Funding is recommended to accommodate the increase in the number of students utilizing the Advanced Opportunities Program.
- **Literacy Phase Two - \$6,500,000.** Funding will provide intervention for kindergarten through third grade students who score basic on the state's reading indicator.
- **Mastery-based Education - \$1,400,000.** This funds a second phase to expand the number of schools participating in the Mastery Education Network.

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

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- **STEM Computer Science Initiative - \$2,000,000.** The Governor recommends a one-time General Fund transfer to the STEM Education Fund to support the computer science initiative. Funding will support the needs of educators and industry, including computer science professional development, grants, workforce development, and data and gap analyses related to computer science.
- **Career Technical Education Middle School Quality Program - \$176,900 and 2.0 FTP.** Expanding Career Technical Education to seventh and eighth graders will result in greater skill development and career preparation for post-secondary credits, industry certifications, and apprenticeship programs.
- **Career Technical Education Secondary Incentive Funding - \$300,000.** The Governor recommends General Fund to expand funding to award high-performing secondary Career Technical Education programs and those programs in need of additional support and technical assistance. Funding will be used to award programs beyond the statutorily authorized agricultural and natural resources education programs and will include such programs as business management and marketing, engineering and technology, family consumer sciences, health sciences, and skilled and technical sciences. Legislation is being introduced to include these programs under the same provisions as the agricultural and natural resources education programs.
- **Career Technical Education Program Alignment - \$178,000.** This funding will align 15 programs to allow students to transition directly from secondary to post-secondary programs.
- **Science Technology Academies Reinforcing Basic Aviation Space Exploration (STARBASE) - \$273,400 and 1.0 FTP.** STARBASE is a federally funded program that brings Idaho fifth graders to Gowen Field for five days of science, technology, engineering, and math education.

In the higher education budget, the Governor's recommendations reflect the recommendation of the Higher Education Task Force that funding be student-centric and focused on system-wide needs.

- **Integration of Higher Education Systems - \$769,500 and 1.0 FTP.** The Governor recommends an executive officer of the State Board of Education to lead the implementation of the recommendations of the Higher Education Task Force, including the creation of an integrated higher education system for the purpose of eliminating inefficiencies and generating cost savings. Part of this integrated system will include the implementation of a shared services operation to support back office functions including information technology, finance, human resources, and procurement across higher education. Funding for a contract with a systems integration consultant to study how best to create an integrated system is also included.
- **Opportunity Scholarship - \$5,000,000.** This will increase the number of Opportunity Scholarship awards by approximately 1,490 in response to the recommendation from the Higher Education Task Force. 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, the Governor recommends allowing up to 20% of the funds appropriated to the Opportunity Scholarship to be used for the Adult Completion Scholarship.
- **Degree Audit/Data Analytics System - \$350,000.** This funding is to implement a degree audit and data analytics system, as recommended by the Higher Education Task Force, that will enable early identification of students who need additional support or guidance and help students track their progress toward degree completion.
- **Higher Education Operations - \$5,666,400.** The Governor chose to target other available funding toward addressing the continuity of operations, such as the enrollment workload adjustment (\$4,034,700) and occupancy costs (\$1,631,700). Occupancy costs included in the Executive Budget are for the Boise State University Fine Arts Building, Campus Planning and Facilities Building, and the Alumni and Friends Center; the Idaho State University Eames Complex; and the University of Idaho Aquaculture Research Institute Lab, University House, Food Research Building, and Agriculture Science Building.

- **College of Eastern Idaho - \$5,013,800.** Since voters have approved of the conversion of Eastern Idaho Technical College (EITC) to the College of Eastern Idaho, the Governor recommends ongoing funding and a transfer of funding from Career Technical Education that was previously used for career technical education at EITC to the newly formed community college.
- **College of Western Idaho Health and Science Building - \$10,000,000.** This transfer to the Permanent Building Fund is for the construction of the Health Sciences Building on the Nampa Campus of the College of Western Idaho. This building will support continued growth in the health sciences programs including nursing, dental assisting, surgical technology, physical therapy, and certified nursing assisting.

To meet the state's demand for skilled labor, the Governor recommends funding for recommendations of the Governor's Workforce Development Task Force.

- **Workforce Development Council - \$8,553,100 and 5.0 FTP.** To create more focused attention on the state's workforce needs, the Governor recommends creating the Workforce Development Council in the Office of the Governor. The Council will ensure that the requirements of the Workforce Innovation and Opportunity Act are met, set statewide policy on workforce development, and oversee the use of the Workforce Development Training Fund, including the deployment of grants for training and retraining needs of the Idaho workforce. This dedicated funding was previously appropriated to the Department of Labor.
- **Post-secondary Capacity Expansion - \$978,900 and 7.3 FTP.** This funding continues to build Career Technical Education (CTE) training capacity at six post-secondary institutions throughout the state to produce more graduates for high-demand jobs. The recommendation is for the following programs: College of Southern Idaho's Paramedic Program (\$238,100), College of Western Idaho's Occupational Therapy Assistant Program (\$217,300), College of Eastern Idaho's Registered Nursing Program (\$111,800), Idaho State University's Energy Electrical Engineering Program (\$155,000), Lewis Clark State College's (LCSC) Graphic Communications Program (\$83,300), LCSC's Diesel Technician and Collision Repair Programs (\$52,500), and North Idaho College's Dental Hygiene Program (\$120,900).
- **Workforce Training Centers - \$750,000.** This funding provides enhanced support for Idaho's six workforce training centers and the individuals they serve with short-term, industry-focused training. This recommendation funds an additional \$125,000 per center beyond the \$80,500 they currently each receive from Career Technical Education.
- **Career Technical Education Online Courses - \$70,000.** The Governor recommends continuing efforts to develop online Career Technical Education classes by funding the development of four online courses through the Idaho Digital Learning Academy.
- **Career Information System - \$389,300 and 3.0 FTP.** This transfers the Career Information System (CIS) from the Department of Labor to the Office of the State Board of Education (OSBE). Consolidating these functions will better address the need for centralized and improved college and career counseling tools identified in both the Workforce Development Task Force and Higher Education Task Force recommendations. OSBE plays a significant role in aiding students as they prepare for life after high school through coordination of statewide college-to-career activities and its Next Steps Idaho initiative and website. CIS will complement and enhance OSBE's efforts to provide tools for college and career planning to students, school districts, and public post-secondary institutions. It will also eliminate duplicative efforts across state agencies that have created an inefficient use of state resources while continuing to be an important tool for collaboration with the Department of Labor and other state agencies.

The Governor remains committed to addressing the shortage of physicians and medical residencies in Idaho.

- **WWAMI Medical Education - \$802,200 and 4.35 FTP.** This funding supports the expansion of the Washington, Wyoming, Alaska, Montana, and Idaho Medical Education Program at the University of Idaho.

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- **University of Utah Medical School - \$87,600.** This funding supports the third year of the two University of Utah School of Medicine (UUSOM) seats added in FY 2017 on behalf of Idaho students. The four-year commitment will result in a total of 40 Idaho UUSOM students enrolled in medical school by FY 2020.
- **WICHE Mental Health Program - \$125,000.** To address the shortage of mental health professionals in Idaho, the Governor recommends building American Psychological Association-accredited psychology internship programs in partnership with the Western Interstate Commission for Higher Education.
- **Psychiatry Residency Program - \$82,200.** This will create a minimum level of funding per resident of \$30,000 for Graduate Medical Education programs. Without this funding, the per resident amount in FY 2019 would be \$19,625 for eight residents.
- **Eastern Idaho Regional Medical Center - \$405,000.** The Eastern Idaho Regional Medical Center internal medicine program has gained accreditation by the Accreditation Council for Graduate Medical Education. The Governor recommends funding for an internal medicine director, internal medicine residency coordinator, and 10 internal medicine residents at the per resident amount of \$30,000. This is the first year of a three-year commitment that will result in a total of 30 internal medicine residents.
- **Bingham Internal Medicine - \$465,000.** By FY 2020, the Bingham Internal Medicine Program will transition to a residency accredited by the Accreditation Council for Graduate Medical Education and, in so doing, will need to grow its class size to a minimum of five residents per class. The Governor recommends funding for an internal medicine director, internal medicine residency coordinator, and 12 internal medicine residents. This is the first year of a four-year commitment that will result in a total of 15 internal medicine residents.

State Employees

The Governor recommends a 3% CEC to be based on merit with flexibility for directors to address agency needs. In addition, the Governor recommends the use of insurance reserves for a two-month premium holiday.

Strategic Investments

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

- **Idaho Health Care Plan - \$100,786,600.** To reduce Idaho's uninsured population and lower insurance premiums, the Governor recommends the creation of the Idaho Health Care Plan, a dual-waiver proposal. In this two-part plan, the Department of Health and Welfare will apply for an 1115 waiver to allow Medicaid to cover individuals with specifically diagnosed medical conditions who were originally covered on the individual insurance marketplace. Eligible individuals must be under age 65, not be otherwise eligible for Medicaid or have access to affordable employer-support coverage, have income below federally supported premium assistance, and have a severe or complex medical condition diagnosed by a physician that meets the criteria approved under the waiver. The medical conditions considered for coverage under the waiver include end-of-life and severe genetic disorders. Coverage for these estimated 3,500 to 4,500 individuals will be eligible for the approximately 70% federal match rate annually allotted to the state, and will remove a substantial number of high-risk, high-cost conditions from the individual marketplace. This is anticipated to decrease private insurance rates on the individual marketplace by an estimated 20%. In coordination, the Department of Insurance and Your Health Idaho will apply for a federal 1132 waiver to expand coverage through the exchange by providing federal premium tax credits to working individuals with incomes under 100% of the federal poverty limit, providing health insurance for approximately 35,000 Idahoans that were previously uninsured.
- **Behavioral Health Community Crisis Centers - \$2,567,500.** To fulfill his commitment that each region of the state have a community crisis behavioral health center, the Governor recommends centers for regions two, three, and six.

- **Child Welfare Staffing – \$955,400 and 13.0 FTP.** An FY 2018 supplemental and recommended funding in FY 2019 will help address the increased needs of the children and families served by the Department of Health and Welfare. The positions include seven child welfare social workers, two child welfare supervisors, two business analysts, one communications specialist, and one program manager.
- **Expanded Access Program - \$185,400.** The Governor recommends an FY 2018 supplemental and continued funding in FY 2019 for the Expanded Access Program. The Expanded Access Program was created by Executive Order 2015-03 as a treatment option for Idaho children with treatment-resistant epilepsy to receive Epidiolex, a medication not yet FDA-approved or commercially available. The program provides medication free of charge from the pharmaceutical company but the state is required to pay the program's administrative costs to enroll participants.
- **Youth Suicide Prevention - \$256,600.** This funding will allow Sources of Strength, an evidence-based wellness and suicide prevention program, to expand into 17 additional schools across the state, implement another evidence-based pilot in Idaho public elementary schools, and provide booster trainings for previously trained schools.
- **Information Technology Systems - \$17,800,000.** The Governor recommends funding for three information technology systems at the Department of Health and Welfare (IDHW): the Child Support Enforcement System, the Child Welfare Information System, and the Medicaid Management Information System. The third and final year to update the Child Support Enforcement System, which supports over 400,000 parents and children and collects and distributes over \$215,000,000 of child support payments, will be used to create improvements in child support automation and business processes. IDHW is in the third year of a five-year project to modernize the Child Welfare Information System, which tracks case information for child welfare families, processes foster care payments, determines funding eligibility, and generates referrals to the Medicaid and child support programs. Also recommended is a third-party vendor verification and validation of the Medicaid Management Information System as required by the Centers for Medicare and Medicaid Services.

Additional funding for public safety is recommended.

- **Idaho Department of Correction Bed Expansion - \$2,714,800 and 7.0 FTP.** The Governor recommends FY 2018 supplemental funding for a system-wide 99-bed expansion to house current year population growth, and a 95-bed expansion in FY 2019 to accommodate forecasted inmate population growth.
- **Idaho Department of Correction Community Reentry Center - \$9,114,200.** This transfer to the Permanent Building Fund is for an additional community reentry center. This minimum custody correctional facility will provide additional housing for a growing offender population while preparing offenders for a positive reentry into the community.
- **Idaho Department of Correction Offender Management System - \$15,782,000.** Replacement of the offender management system at the Idaho Department of Correction is necessary as the current system is over 12 years old, written in an outdated language, and does not interface with newer systems such as electronic medical records and the inmate account management system. In order to adequately manage the offender population and provide reliable data to decision makers, the system needs to be replaced.
- **Idaho State Police Patrol Officers - \$1,239,800 and 7.0 FTP.** The Governor recommends five remote resident Idaho State Police (ISP) troopers, one resident ISP trooper, and one ISP sergeant to target rural areas throughout the state and improve officer coverage and response times.
- **911 CAMA Trunks/ALI Circuits - \$104,900.** This investment will enhance the emergency dispatch system with centralized automated message accounting (CAMA) trunks and automatic location identification (ALI) circuits, which will allow dispatchers to pinpoint the location of the 911 caller. CAMA trunks and ALI circuits will also allow

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for automatic number identification and ALI information to roll over to Idaho State Police dispatch when transferred from allied agencies.

- **Forensic Instruments - \$858,000.** The Governor recommends the purchase of two liquid chromatography tandem-mass spectrometers (LC-MS/MS) to modernize current forensic methods and provide qualitative and quantitative toxicology testing in the Coeur d'Alene and Pocatello labs. The instruments will allow the labs to increase the number of drugs screened, become more efficient, and lower the detection and quantitation levels for the drugs detected.
- **Forensic Scientists - \$346,300 and 3.0 FTP.** A chemist, a latent print analyst, and a DNA database supervisor are needed in the Meridian lab to address increased demands of the chemistry, latent print, and DNA database disciplines.

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

- **Priest Lake Management Infrastructure Improvements - \$2,400,000.** A recent evaluation of strategies to meet the long-term water management and recreation access solutions for Priest Lake and the Priest River system found that required work to the Priest Lake Outlet Dam, the 3-mile long channel known as the Thorofare, and the timber breakwater at the north end of Priest Lake would cost \$5,000,000. The Governor recommends the Idaho Water Board and impacted local communities collaborate to identify sources for the remaining funds.
- **Idaho Pollutant Discharge Elimination System - \$665,600 and 5.8 FTP.** Funding is provided for the continued implementation of the Idaho Pollutant Discharge Elimination System for the state to assume primacy from the Environmental Protection Agency.
- **Volkswagen Settlement - \$5,500,000.** The Governor has designated the Department of Environmental Quality to act as beneficiary to receive Volkswagen settlement monies and distribute them to statewide projects intended to offset the air pollution emitted by the vehicles that violated the Clear Air Act due to negligence by Volkswagen.
- **Good Neighbor Authority Program - \$3,801,900 and 7.0 FTP.** To expand the state's ability to conduct forest management practices on National Forest System lands, the Governor recommends dedicated funds be used for personnel, contracts, and stumpage fees.
- **Good Neighbor Authority Rangeland Program and Range Specialist - \$125,100 and 1.0 FTP.** The Governor recommends a range specialist to review, plan, and coordinate federal grazing permit renewals; work with private contractors and the Bureau of Land Management to streamline environmental planning; and to provide technical assistance and contracting for rangeland sage-steppe restoration activities on federal lands under the Good Neighbor Authority.
- **State Park Repair and Maintenance - \$2,037,000.** The Governor recommends General Fund and dedicated fund spending authority to address necessary maintenance in state parks.
- **Billingsley Creek - \$3,515,000.** This dedicated and federal fund spending authority will fund improvements at the new Billingsley Creek unit of Thousand Springs State Park. Included in the Executive Budget are an entrance road, paved and unpaved trails, a 50-site recreational vehicle campground, a redesign of the irrigation system, an arboretum with elevated camping structures, fishing and paddling access, and preliminary engineering and design work for a visitor center.

The Executive Budget for FY 2019 includes strategic investments throughout state government.

- **Idaho's Business Information Infrastructure Modernization** - The Governor supports the State Controller's request for funding to replace the state's accounting and payroll system. The current system is over 30 years old

and at end-of-life. The Governor supports redirecting indirect cost recovery funding into a dedicated fund to raise the necessary \$102 million in a five-year period.

- **Office of Information Technology - \$5,543,600 and 30.0 FTP.** To continue and strengthen efforts to protect state resources and keep citizens' personal information safe, the Governor recommends consolidating the director of information security and the staff of the Division of Information Technology at the Department of Administration into the Office of Information Technology. This will standardize and optimize cyber capabilities throughout state government. Critical enhancements are recommended to provide support, increase security, storage capacity, and enhance the ability of the state to connect with citizens through online tools.
- **Idaho Department of Transportation Construction Projects - \$46,731,500.** The Governor recommends increased state dedicated and federal fund spending authority for highway construction.
- **Orchard Combat Training Center - \$34,743,900 and 42.0 FTP.** \$31,000,000 in federal fund spending authority will be used for a training facility at the Orchard Combat Training Center and barracks at Gowen Field. Federal Funds will be used for positions including facilities maintenance workers, training area management specialists, and security personnel, to support growth at the Orchard Combat Training Center.