



TO: District Superintendents and Charter School Administrators
FROM: Governor Brad Little
DATE: May 8, 2020
SUBJECT: FY 2021 Public Schools Budget Reduction Plan

I have made education my highest priority since taking office last year. While that commitment has not changed, we are in extraordinary economic times. It is clear, due to the ongoing COVID-19 pandemic, that expenditures from the General Fund authorized by the Legislature for fiscal year (FY) 2021 will exceed projected state revenue. Earlier this year, the Legislature passed significant investments for public schools for FY 2021. Unfortunately, we now face a new economic reality caused by the pandemic that was not anticipated when the budget was set.

On March 27, 2020, I issued a memorandum for agencies to prepare a 5 percent reduction in their FY 2021 budgets and state agencies have been working on those plans. This percent reduction reflects the net of what we anticipate the budget shortfall will be after leveraging the state's rainy-day funds and applicable federal funds.

We have a constitutional obligation to provide a free, thorough, and uniform education system and to balance the state's budget. School districts and charter schools have a unique challenge. In the coming days and weeks, they will begin setting their budgets for the 2020-2021 school year. Therefore, it is necessary to put forward a statewide plan as school districts and public charter schools set their budgets for the coming school year.

The following lays out my plan to carry out each of these obligations and address the anticipated budget shortfalls to the public schools budget. The plan was developed in consultation with my K-12 Emergency Council, school business officers, and other education stakeholders.

The goal of my plan is to minimize the impact on public education and to ensure that any budget reductions are implemented in a way that is least disruptive to students and educators during this unique and difficult time. Like all other state agencies, in order to meet these projected revenue challenges, the targeted General Fund reduction for school districts and public charter schools for FY 2021 is 5 percent, or approximately \$98.7 million.

I intend to issue an executive order, at the beginning of the next fiscal year, that will reduce General Fund spending authority based on the updated revenue projections at that time, pursuant to Section 67-3512A, Idaho Code. This executive order and related action will outline targeted reductions to minimize the impact to student learning and ensure a degree of uniformity across the state. Reductions in technology, professional development, and content and curriculum were selected in this plan based on federal guidance on allowable uses for the available K-12 CARES ACT funds discussed below. This additional federal funding will help to offset these reductions. These targeted reductions focus on a twofold approach— with deeper reductions in areas that can be offset by federal relief funds, while limiting the impact, as much as possible, on school

personnel budgets. This will allow school districts and charter schools to maintain personnel who are so critical in educating Idaho's students.

Idaho public schools will be receiving \$43,069,000 from the CARES Act as part of the 90% distribution of the Elementary and Secondary School Emergency Relief (ESSER) Fund. The State Board of Education is working on proposals for the distribution of the remaining \$4,780,000 available through that fund and the \$15,676,000 available through the Governor's Emergency Education Relief (GEER) Fund. Additionally, my Coronavirus Financial Advisory Committee (CFAC) has authorized another \$4,030,600 to public schools to cover direct COVID-19 expenses to date.

The targeted General Fund reductions will be made in the following ways (see Appendix for greater detail):

- Suspending the 2-percent base salary increase for administrators and classified staff (\$5,128,900)
- Freezing movement of instructional and pupil service staff on the career ladder (estimated at \$26,617,500)
- Suspending leadership premium distribution for one year (\$19,310,000)
- Reducing professional development line-items (from \$22,550,000 to \$12,550,000)
- Reducing IT staffing line-item (from \$8,000,000 to \$4,000,000)
- Reducing classroom technology line-item (from \$36,500,000 to \$26,500,000)
- Reducing content and curriculum line-item (from \$6,350,000 to \$4,750,000)
- Reducing the Central Services budget (from \$12,667,600 to \$11,667,600)

In order to meet the 5 percent targeted General Fund reduction, the remaining amount will be reduced from discretionary funds. Specifically, the distribution factor for FY 2021 would need to be reduced by at least 3 percent (approximately \$21.1 million) from the FY 2020 original appropriation amount, or a revised distribution factor of \$27,556.

In order to fully realize these reductions, I will also be working with our Legislature during the 2021 legislative session to suspend the statutory requirements applicable to the distribution of these funds. I will work to provide additional support in transportation costs that will allow school districts and charter schools to meet the needs of their students when schools can fully return to normal operations. Additionally, I will be looking at the "use it or lose it" provisions for hiring instructional and pupil service staff, and additional end-of-year budget flexibility.

I will continue to work closely with Idaho's education stakeholders, and do all I can to support education in Idaho and recover these budgets as soon as possible. I appreciate all you are doing during this unique and difficult time.

Appendix:

- Reducing the General Fund spending authority amount by \$1,978,000 (H 626— Division of Administrators) for a 2% base salary increase for administrators;
- Reducing the General Fund spending authority amount by \$54,927,500 (H 627— Division of Teachers), which includes freezing movement of instructional staff and pupil service staff on the career ladder by \$26,617,500, eliminating Leadership Premiums by \$19,310,000, and reducing Professional Development funding by \$9,000,000;
- Reducing the General Fund spending authority amount by \$38,201,800 (H 628— Division of Operations), including a 2% base salary increase for classified staff by \$3,150,900, Information Technology Staffing Costs by \$4,000,000, Classroom Technology by \$10,000,000, and approximately \$21,050,900 from discretionary funds;
- Reducing the General Fund spending authority amount by \$2,600,000 (H 629— Division of Children’s Programs), including Gifted and Talented Professional Development by \$1,000,000, and Digital Content by \$1,600,000; and
- Reducing the General Fund spending authority by \$1,000,000 (H 631— Division of Central Services), with the composition of the reductions to this budget to be determined by July 1, 2020.