

MINUTES
Approved by the Committee
Public School Funding Formula Committee
Wednesday, September 05, 2018
8:30 A.M.
State Capitol Building
Room EW 42
Boise, Idaho

- MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Lori Den Hartog, and Janie Ward-Engelking; Representatives Scott Bedke, Julie VanOrden, and John McCrostie; and nonlegislative members Dr. Linda Clark, State Board of Education, and Sherri Ybarra, Superintendent of Public Instruction.
- ABSENT/EXCUSED:** Senator Cliff Bayer and Representative Sage Dixon.
- ATTENDEES:** Representative Ryan Kerby, District 9; Representative Lance Clow, District 24; Tim Hill, State Department of Education; Marilyn Whitney, Office of the Governor; Gideon Tolman, Division of Financial Management; Mike Griffith and Emily Parker, Education Commission of the States; Julie Oberle, State Department of Education; Doug Park, Boise School District; Sandra Benitez, Pathways in Education; Jacob Smith, Idaho Digital Learning Academy; Mike Keckler, State Board of Education; Rob Winslow, Idaho Association of School Administrators; GwenCarol Holmes, Blaine County School District; Wendy Johnson, Kuna School District; John Foster, Kestrel West; Kari Overall, Dave Harbison, Jodie Sebolt, and Sue Wigdorski, Idaho Education Association; Quinn Perry and Karen Echeverria, Idaho School Boards Association; Terry Ryan, Bluum; Fred Birnbaum, Idaho Freedom Foundation; Blake Youde and Emily McClure, Idaho Charter School Network; Jenn Thompson, Charter School Commission; Shawna Walz, Idaho Business for Education; Tom Greene, ExcelinEd; Ryan Gravette, Idaho Education Technology Association; Tom LeClaire, Coalition of Idaho Charter School Families; Suzanne Budge, SBS Associates, LLC; Clark Corbin, Idaho Education News; Cindy Wilson; and Linda Hartgen. Legislative Services Office (LSO) staff: Paul Headlee, Robyn Lockett, Brooke Brouman, and Olivia Johnson.
- NOTE:** Copies of presentations, handouts, and reference materials can be found at www.legislature.idaho.gov and are also on file in the Legislative Services Office. The reference documents for this meeting's presentations can be viewed at: <https://legislature.idaho.gov/sessioninfo/2018/interim/psff/psff-materials/>.
- CONVENED:** Co-chair Horman called the meeting to order at 8:30 A.M.
- WELCOME AND INTRODUCTIONS:** Co-chair Horman welcomed those in attendance to see the first draft of the formula. Co-chair Winder said he hoped the stakeholders and others involved would be pleased with the committee's work. **Speaker Bedke moved to approve the minutes from the July 18 meeting, Senator Mortimer seconded the motion, and it was approved unanimously.**

PRESENTATION: ADDITIONAL DETAIL OF ECS'S SUMMARY OF PUBLIC INPUT

PRESENTER: Emily Parker, Education Commission of the States (ECS)

Ms. Parker presented more details about the survey data ECS collected in June, including feedback from teachers. She reported that ECS heard that most teachers were ready for a change in the funding formula and that they believed the current formula was not working well.

PRESENTATION: PRESENTATION OF THE FIRST DRAFT OF A NEW FUNDING FORMULA

PRESENTER: Mike Griffith, ECS

Mr. Griffith reviewed the criteria ECS used in the first draft of the funding formula and emphasized that there is still work to be done before the final model is presented. He stated that ECS intends to make the model public at the end of September, that ECS used data from the 2017-2018 school year, and that the model was designed with help from subcontractors.

Mr. Griffith described that the model includes:

- about \$1.5 billion with 17 line items (10.5% of payments and 15 line items were excluded);
- enrollment student counts (with the capability to use alternative enrollment counts);
- grade weighting for K-3 and 9-12;
- additional funding for at-risk students, English language learners, special education students, and gifted and talented students;
- a small-district adjustment using a linear and J-curve adjustment, with additional funding for schools under a certain size;
- minimum funding for very small districts with fewer than 30 students;
- a hold harmless provision for three years, with full implementation after five years; and
- a feature that calculates federal requirements.

Mr. Griffith demonstrated how to operate the Excel spreadsheet of the first draft of the model and pointed out that ECS needs guidance from the committee about how to more accurately calculate at-risk funding. He also demonstrated how to operate a budgeting spreadsheet that shows year-to-year costs in a per pupil funding structure by calculating inflation and student growth and the cost for added spending in certain categories. Mr. Griffith noted that ECS will continue to work on a better definition of at-risk, make sure student counts are correct, have others test the model, and will begin to develop a communications strategy during the remainder of their contract.

COMMITTEE DISCUSSION:

Speaker Bedke asked if the model was calculated per district or per school building. Mr. Griffith said the model was calculated at the district level.

The committee discussed the definition of "hold harmless." Mr. Griffith clarified that it means that districts would be guaranteed not to lose funding year to year during the transition period to the new formula. Speaker Bedke noted that he believes policies will have to be implemented to eventually phase out the hold harmless period. Mr. Griffith said he believes the hold harmless period will phase itself out after about three years. Mr. Hill asked how the hold harmless provision will apply to growing vs. shrinking districts. Mr. Griffith said that the model is based on a total funding basis, which might benefit shrinking districts, while districts getting larger would benefit more from a hold harmless provision done on a per pupil basis. Mr. Griffith advised against using a hold positive method rather than a hold harmless provision.

The committee discussed special education funding. Dr. Clark and Co-chair Winder clarified whether there was just one special education count or if it was differentiated based on funding for students with mild, moderate, and severe needs. Mr. Griffith said there is a single weight in the formula as written because ECS didn't have information about categories of students. He recommended starting to count these groups before implementing the formula to establish how much funding students in each category would require. Mr. Griffith said the weight in the model was an approximation for those categories that will be refined later in the process. Senator Den Hartog asked about how the legislature can ensure that money budgeted for certain groups, like ELL and special education students, gets to those students in the classroom when those dollars are part of a lump sum payment to a district. Mr. Griffith said that, under the new formula, those decisions are pushed down to the building level.

The committee discussed enrollment. Senator Mortimer asked if the formula takes into account increasing or decreasing student enrollment. Mr. Griffith said that the model did not, but it can. Co-chair Winder asked if the model used ADA or an enrollment method for student counts and how much of a fiscal impact switching methods would produce. Mr. Griffith said they had built it with both options. Mr. Hill stated that he believes there was a 4% difference in costs to switch to enrollment. Senator Den Hartog asked how often other states count students for enrollment and how often they send payments. Mr. Griffith said that the state would probably need to count, at minimum, once in the fall and spring, and possibly more often. He recommended doing an enrollment count every five months. Mr. Hill noted that some students are not at one school for an entire day and that the fiscal impact could be overstated if students are represented as full-time at one school if they don't actually attend full time. He requested this information be reflected in the model. Mr. Griffith said that they can count partial enrollment or be counted 100% at one school with a tuition payment elsewhere. Mr. Hill said that they have had trouble negotiating between districts and charters and that he believes these decisions should be made at the state level. Senator Mortimer asked if counts could be done as often as monthly and when the decision about how often to count would need to be made. Mr. Griffith

advised the committee to settle on counts before the new formula is implemented and that counting could perhaps start in the 2019-2020 school year so districts can get used to it.

Speaker Bedke asked for clarification about why using free and reduced price lunch as the metric for at-risk funding doesn't work. Mr. Griffith said that many states are struggling with this metric since free and reduced price lunch data is no longer reliable data with the implementation of community eligibility standards. Speaker Bedke asked if the state could use the old criteria moving forward. Mr. Griffith said that since parents now report this information rather than the school, the data is often inaccurate, as reporting is not mandatory. He suggested potentially using census information or Title I numbers. Speaker Bedke asked if these options could be incorporated into the model by the next meeting. Mr. Griffith said they could do that at the district level, with a potential small school building adjustment if necessary, by the next meeting.

Dr. Clark noted that for students to enroll in an alternative school and receive funding from the state, they must meet certain academic criteria, and that students are not placed there because of poverty or being at-risk. Mr. Griffith noted that separating funding for at-risk students and students who might need an alternative school might serve kids better than just having an option for a separate alternative school. He said that ECS can model for both at-risk and alternative funding.

Dr. Clark asked how the career ladder will fit in with the new formula and how the state might communicate priorities to districts without line items. Co-chair Horman and Co-chair Winder agreed that the career ladder policy, like other policies underlying line items being eliminated, will remain in statute moving forward, though the total amount of funding will be up for discussion. They noted that not all line items will go away even though they want to minimize the total number of them.

**COMMITTEE
DISCUSSION:**

**TIMELINE FOR THE REMAINDER OF THIS COMMITTEE'S WORK -
COMMITTEE'S FINAL REPORT - PLANNING FOR THE 2019 SESSION,
INCLUDING POTENTIAL DRAFT LEGISLATION**

Mr. Headlee noted that the committee's work ends November 30, 2018, when its final report, which could include the formula or draft legislation, needs to be completed. He noted that Brooke Brouman will be drafting any potential legislation for the committee. Ms. Brouman said that she expects more questions to arise once she begins drafting, since the committee is considering a large number of changes. She noted that a subcommittee of the larger committee could potentially be assembled for drafting legislation.

Co-chair Horman said that perhaps the committee could look at potential draft legislation in December. Senator Den Hartog clarified that the committee intends to put forward legislation during the 2019

session. Co-chair Horman confirmed this is correct and noted Mr. Griffith's suggestion to transition to an enrollment count with legislation that could be implemented in the 2019 school year.

Co-chair Winder noted that he would like the definition of at-risk, the weights and justification for them, the number of enrollment counts and distributions, and the counts and funding for virtual academies addressed before the next meeting. He also suggested that discussion of the letter the committee received from the Idaho School Boards Association expressing opposition to leaving technology outside the formula as a line item be added as an agenda item for the next meeting. Mr. Griffith said he can construct the model with certain line items, like technology, included and excluded to see each option in advance for the next meeting. Senator Mortimer said that he expects more discussion about these items moving forward. Mr. Griffith said that decisions like that can also change after the October meeting. He said that the committee can put mandates in the formula to reduce the number of line items. Co-chair Horman noted that the policies behind the line items will remain, even if the line item itself is gone.

Representative VanOrden requested more information about virtual schools. Mr. Griffith said that virtual schools are treated the same as any other school district in the new model. He believes that if the schools are treated the same and held to the same standards as other schools, they should be given the same amount of funding as other schools in the formula. He said that other states vary widely in how they treat virtual schools, and noted that virtual schools were the only group that expressed opposition to maintaining front-loading of funding because their kids move around throughout the year.

Senator Den Hartog asked about virtual and charter schools in regard to the small school funding weight. Mr. Griffith said that virtual and charter schools might get more money as the formula is currently set up, but not significantly more money for the addition or loss of a student, which eventually evens out. He suggested that no school or district should be created with fewer than 30 kids unless they have approval from the state, since this is where people could game the system - by creating many virtual charter schools that only have 20 kids, rather than one larger school that would receive less funding.

Co-chair Winder asked for more elaboration about how other states develop their weights. Mr. Griffith said he will provide further information about what all the states have done for their specific student populations to review before the next meeting.

Co-chair Horman noted that they want a more equitable and flexible formula that can be more easily adjusted more frequently and that recognizes every single child and his or her unique needs.

FUTURE MEETINGS:

The committee previously agreed to meet September 24 and October 25, and set another meeting date for November 27, 2018.

ADJOURNMENT: The meeting adjourned at 10:55 A.M.