

Testimony – February 7<sup>th</sup>

**Thank you**

Mr. Chairman, members of the committee, let me begin by saying thank you. Thank you for your hard work as interim committee members over the last three years learning about education funding. Thank you for the countless hours you have spent here and away from your families working on helping to build a better tomorrow for the children of Idaho. And thank you for making how we fund education an important aspect of what we do for our kids.

There are a few things that I would like to discuss with you today. The market value adjustment, the application of the hold harmless, and the importance on projections.

**Market Value weight adjustment (wealth adjustment)**

When the interim committee met back in September I heard that we wanted a formula that was simple, transparent, and where dollars followed the student.

**Simplicity:**

Unfortunately, the market value weight adjustment isn't very simple for me. The driver of this calculation, a district's taxable value, is neither an item the district can control or effectively influence. Imagine trying to explain to stakeholders that a district gains or loses money solely on the relative wealth of its district. Not necessarily the wealth of its kids or their families but of the district as a whole. That is not wealth that we are guaranteed to be able to tax nor is it wealth that we can get operational dollars from unless voters approve. But if a district is deemed wealthier than others, then you lose money. As a district leader, how do I ensure my district is not impacted? Well, I can't, because I can't affect that calculation.

What you may find is that districts are going to tell businesses and developers, "not in my district". That increase in property value means less dollars for the children of my district. Put that growth and development somewhere else. I can't afford to have my kids get less money.

**Transparency:**

Additionally, how does a district plan or budget in situations where revenues are lost. Based on the formula most recently posted on the interim committee's website – West Ada loses \$7.8 million dollars because of the Wealth Adjustment. For those districts that lose on the wealth adjustment, how do we explain to our stakeholders the driver of that loss or what we are going to do to replace the funding. If we go to our voters and ask for additional funds to fill that gap, how do we explain to them that because of our relative wealth, some of the dollars you approve, effectively go to other districts. Of the roughly \$194 million dollars in supplemental levy's approved in 2017, \$116 million of that was levied by districts who are subject to the wealth adjustment. How transparent is that for our stakeholders. How do we help them see the benefits of a supplemental levy and or this adjustment?

As the CFO I am tasked with ensuring our district is fiscally responsible. As I read this draft legislation I see that we are using the market values that would be used to calculate a bond levy. Those are calculated in September. How should a district adjust to a budget reduction such as the one experienced by West Ada if they won't know that number until three months into their fiscal year?

#### Dollars follow the students:

The dollars we receive should follow our students. As we all know, Idaho is one of the fastest growing states in the nation. With this unprecedented growth, I think there is a belief that student growth must also be happening. One would anticipate record increases in enrollment but that has not been the case. With market value growth of upwards of 10% to 15% annually, West Ada just saw its smallest increase in enrollment over the last four years.

#### Hold Harmless:

The hold-harmless calculation abounds with questions. While we are grateful for the 2% minimum increase year over year, that is not enough for districts to ensure they can be competitive. 2% does not allow us to bring in the best teachers, the classroom materials we need, and also to maintain the talent we need to ensure our schools' successes. We also need further clarification on how the 2% will work, and is it an annual increase or 2% against a static year. What about for growing districts. Is the 2% inclusive of growth or will a growing district receive additional dollars. The same questions come when you look at the 7.5% growth cap. Will districts be limited by this growth if their demographics change and they have more students who qualify for the weightings.

#### Projections:

What these statements tell us is that we have questions. Questions we cannot answer without more information. I cannot say enough about the importance of a model that shows the impact of the formula on multiple fiscal years. ~~Not only~~ <sup>not only</sup> through this projection, looking at the current and proposed models both within the same fiscal year and across multiple fiscal years that we can identify trends, see the impacts on schools, and find both the intended and unintended consequences of the formula. I urge you to not make such an impactful and comprehensive decision without ensuring that the effects of our actions are what we intended them to be.

#### How can we help:

I came to West Ada a little over a year ago. I came here for two reasons – the first was that I wanted to be able to impact the lives of kids in Idaho every day, and the second, selfishly, is that I wanted to positively impact the way we fund education in this state. Through this funding formula I have been able to meet some amazing colleagues, individuals from across the state who are here to positively change the lives of kids every day. How can we help you do that? How can we work together to make this formula the best it can be for boys and girls in this state. We are here to help you.

Thank you for allowing me this time to share.