



IDAHO SCHOOL FUNDING STUDY

Public School Funding Formula Interim Committee

MICHAEL GRIFFITH
EMILY PARKER

The following briefing paper is intended to accompany the presentation to the Public School Funding Formula Interim Committee on July 18, 2018. The content is divided into 3 sections: public input, designing a new funding formula and structure of the new formula.

1. PUBLIC INPUT

Throughout the month of June, Education Commission of the States collected public input from Idahoans through four avenues: funding formula panels, public input meetings, online feedback and in-person meetings.

Funding Formula Panels

We asked the superintendent of every district and charter school in the state to recommend attendees for participation in the funding formula panels. From the recommended attendees, we selected at least one participant from each district who responded to ensure that the funding formula panels comprised a well-rounded mix of teachers, specialists, technology directors, principals, school board members, school business officials, superintendents and charter school administrators. Each of these meetings was a three-hour facilitated discussion, where six to 12 district professionals shared what is working for their districts, what is not working and what issues are most important to them.

We held funding formula panels in each of the six education regions in the state. In addition to the mixed panel discussions, we held three funding formula panels for districts with unique needs: Region 3 districts with over 10,000 students (Meridian/West Ada, Boise and Nampa); virtual charter schools; and elementary school districts.

Public Input Meetings

In each of the six education regions, we held an open meeting, where members of the public could share questions, concerns and apprehensions about school funding reform. These meetings lasted for two hours and were structured as open conversations. At three of the public input meetings, members of the Public School Funding Formula Interim Committee — Sen. Lori Den Hartog (Region 3), Rep. Julie VanOrden (Region 5), Rep. Wendy Horman and Sen. Dean Mortimer (Region 6) — attended and spoke at the beginning. Additionally, each public input meeting included attendees from the state Department of Education, the Idaho School Boards Association and the Idaho Education Association. We also had other members of the legislature attend public meetings, including Rep. Paul Amador, Rep. Lance Clow, Rep. Tom Dayley, Rep. Ryan Kerby and Sen. Mary Souza, among others.

FUNDING FORMULA PANELS, BY THE NUMBERS

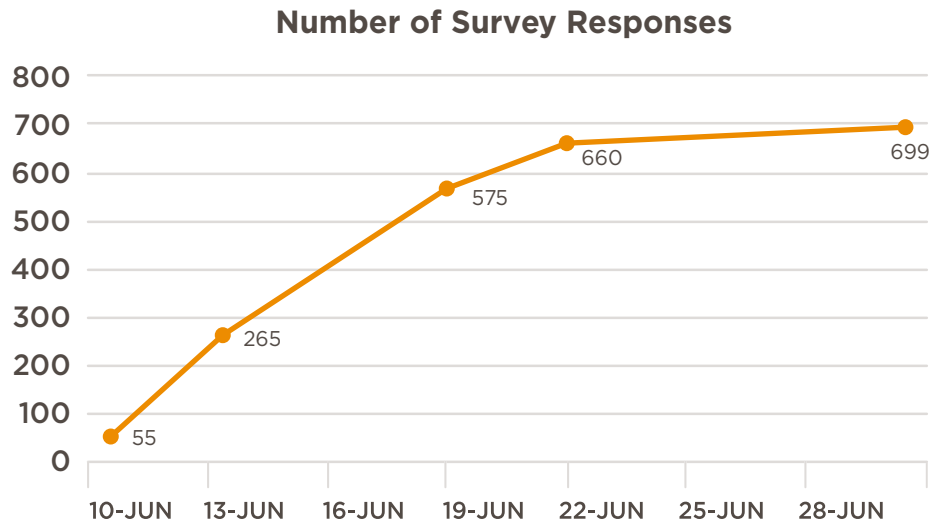
Funding formula panels: 14
Total participants: 110
Teachers: 17
Principals: 10
School board members: 9
Superintendents: 40
School business officials: 29
Other (federal programs administrator, CTE administrator, special education administrator): 5
Charter school representatives: 20

PUBLIC INPUT MEETING ATTENDANCE

Region 1: 93
Region 2: 26
Region 3: 70
Region 4: 47
Region 5: 55
Region 6: 49

Online Feedback

We provided two online avenues — an online survey and a dedicated email account — for Idahoans to provide thoughts and opinions on school funding. The survey launched on May 31, 2018. As of June 30, 2018, we received 699 responses.



The following section shows who responded to the survey and what the respondents think about Idaho's school funding. Please see Appendix A for answers to all survey questions.

ANSWER CHOICES	RESPONSES	
Parent/Guardian	22.51%	156
Educator (Teacher, Librarian, or other)	48.20%	334
School Administrator (Principal, Vice Principal, or other)	4.47%	31
District Administrator (Superintendent, Assistant Superintendent, or other)	7.65%	53
School business official	2.89%	20
School board member	1.59%	11
Other school employee	3.61%	25
Concerned citizen/taxpayer	9.09%	63
	ANSWERED	693
	SKIPPED	6

TOP 5 RESPONDING SCHOOL DISTRICTS:

1. Kuna Joint (187 responses)
2. Caldwell (27 responses)
3. Teton County (22 responses)
4. Blackfoot (19 responses)
5. Coeur d'Alene (17 responses)

KEY TAKEAWAYS:

- Ninety-five percent of survey respondents do not think the funding formula works well for Idaho.
- Seventy-five percent of survey respondents do not think the current funding formula provides enough flexibility to districts.

STUDENT POPULATION	PERCENTAGE OF RESPONDENTS
Special Education	88%
Low-Income	86%
Students Who Are Struggling to Meet State Standards	82%
English-Language Learners	70%
Gifted and Talented	70%

The survey had two open-ended questions. For open ended survey question 11 (**In your opinion, what do you feel are the biggest issues with Idaho's current school funding system?**), we received 495 responses and 204 individuals skipped the question. Many common themes — including inequalities in the formula, lack of flexibility, problems with the career ladder and inadequate funding generally — were reflected in the open-ended responses.

An educator noted the inequity between districts, because “there are poor rural areas that depend on levies and can’t get them passed.” A parent noted inequities for special student populations, because “students who are low income, special education, ELL, etc. need more support, [and] districts with a higher percentage of those populations need to receive more funding.” Another area of concern was the current formula’s lack of flexibility. A teacher noted schools need more “flexibility in how funds are spent in order to meet the needs of the students and the school.” Regarding the career ladders for educators, responses focused on the harm to veteran teachers. An educator explained, “Veteran teachers are not offered the same percentage of increase or are topped out on the career ladder with no cost-of-living increase.” Finally, respondents noted public schools in Idaho are underfunded. A district administrator remarked, “All schools are underfunded when a majority of the schools must run supplemental levies.”

For open-ended survey question 19 (**What issues would you like to see addressed in a new school funding formula?**), we received 411 responses and 288 individuals skipped the question. Respondents wanted to see more funding for facilities, rural districts, and college and career readiness programs.

Many responses focused on a need for more consistent funding for school facilities. A concerned citizen noted the formula needs to provide funding for facilities “so all students, regardless of location, have access to the same or similar educational environment.” A school employee wanted the new formula to address “facilities modernization and new construction.” Other responses focused on rural school needs, particularly programming. A school employee mentioned her rural district “struggles to give students the same tools and opportunities as the larger districts,” and

believes rural schools should get more priority in funding. An educator said that “because of funding, [her school’s] class options are very limited versus the bigger districts in the area.” In addition to rural programs, participants wanted programs to help kids become college- and career-ready. A concerned citizen wanted to see more “gifted programs for all students [and] after-school programs for students.” Another educator added there should be “increased funding for high school programs that prepare students for skilled workforce jobs without going to a four-year university program.” Finally, it was noted several times in Q19 that a cost-of-living factor should be added to teacher salaries.

PUBLIC EMAIL ADDRESS

In addition to survey data, we maintained a public email account so anyone could submit longer responses or send attachments.

We received 10 emails: six were concerns about the funding formula, three were questions regarding the regional public input meetings and one was a duplicate of a previous email already received. We heard the following concerns from the emails:

- Equal and fair treatment for students who attend online/virtual schools.
- Equity in funding for all school districts.
- Increased funding for students who are identified as gifted and talented or require special education.
- Increased funding for students who are struggling academically.
- Increased funding for students who are identified as at-risk, low-income or an English-language learner.
- Low teacher morale, dissatisfaction and burnout.
- Teacher recruitment and retainment in smaller, rural and isolated school districts.
- More flexibility for districts.
- Funding that follows the student.
- Student counts: ADA vs. ADM.
- Increased costs of running a smaller school district.
- Increased salary base allocations for classified staff.
- School choice.
- An outdated funding formula.

In-Person Meetings

We met with many state-level groups and entities that work in education, including:

- Idaho Association of School Administrators.
- Idaho Business for Education.
- Idaho Charter School Network.
- Idaho Department of Education.
- Idaho Education Association.
- Idaho legislative staff.

- Idaho School Boards Association.
- Idaho Association of School Business Officials.
- Idaho State Board of Education.
- Office of the Governor of Idaho.

We would like to thank Idaho legislative staff and the Idaho Department of Education for their ongoing support.

Press Mentions

Throughout June, news outlets covered the public input meetings around the state. There were at least 10 articles. See appendix B for the full list of press mentions.

2. DESIGNING A NEW FUNDING FORMULA

State Education Funding

In the 2018-19 fiscal year budget, the Idaho legislature allocated \$2.14 billion for public K-12 education programs. Federal funding accounts for \$264.3 million of this K-12 funding. The state's current formula makes use of 34 different line items to distribute the remaining \$1.88 billion in state funds to schools/districts.

The New Formula

In House Concurrent Resolution 49 (H.C.R. 49), the Public School Funding Formula Interim Committee recommended that the state transition to a “student-centered funding formula” and “provide public schools with more spending flexibility and fewer statutorily required programs and distributions.” To achieve these two goals, Idaho will have to consolidate many of its line items into a single funding formula. During our focus groups and public meetings, some participants recommended that we include funding from all of these line items in the new formula. However, for various reasons, we are recommending that 14 line items be excluded from the new formula. In addition, we are highly recommending that eight line items be included and the remaining 12 items be considered for inclusion. Finally, we believe that there needs to be a discussion about how funding for the state's Master Educator Premium program will be addressed in the new formula.

Recommended for Exclusion

We recommend that 14 line items — that account for \$173.2 million (9.2 percent) in funding — be excluded from the new formula.

TRANSPORTATION AND SCHOOL FACILITY FUNDING PROGRAMS

Funding for student transportation should be distributed based on the cost of delivering transportation services to students, not on total student enrollment. Facility funding should be determined based on its unique facility needs and its ability, or inability, to fund these needs locally — not on the size of a school district. Because of the unique ways that transportation and facilities are funded, we recommend excluding the transportation line item (\$73 million) and the four facility line items (\$53 million) from the new formula.



PROGRAMS OUTSIDE OF TRADITIONAL SCHOOLS/DISTRICTS

Some education programs are operated outside of traditional schools or districts and thus do not fit into a traditional state funding formula. Idaho has four programs that are operated outside of traditional schools/districts: the Idaho Digital Learning Academy, two programs that provide services for deaf and blind students and the state's online portal. We recommend excluding these line items (\$21 million) from the new formula.

UNIQUE PROGRAMS

The state has four additional programs that would not easily fit into a new formula. Two of these programs provide funding for contracted services (Exceptional Contracts and Border Contracts). A third program (Idaho Safe & Drug Free Schools) receives earmarked funding from the state lottery and cigarette tax. The fourth program is a small amount (\$90,000) that is used to fund bonuses to teachers who have National Board Certification. Because of the unique nature of these four programs, we recommend that they remain separate outside of the new formula.

OTHER EDUCATIONAL PROGRAMS

Table 1: Line Items to Exclude in the New Formula

	FY 2018-19 FUNDING	PERCENTAGE OF TOTAL STATE ED. FUNDING
Transportation and School Facilities		
Transportation	\$73,010,000	3.9%
Bond Levy Equalization Support Program	\$23,184,500	1.2%
School Facilities Funding (Lottery)	\$18,562,500	1.0%
Charter School Facilities	\$7,893,700	0.4%
School Facilities Maintenance Match	\$3,905,000	0.2%
Programs Outside of Traditional Schools/Districts		
Idaho Digital Learning Academy	\$9,788,500	0.5%
Idaho Ed. Services for the Deaf & Blind (Campus)	\$7,023,000	0.4%
Idaho Ed. Services for the Deaf & Blind (Outreach)	\$3,956,400	0.2%
Online Class Portal	\$150,000	0.01%
Unique Programs		
Exceptional Contracts & Tuition Equivalents	\$5,390,900	0.3%
Idaho Safe & Drug Free Schools (Lottery & Cig. Tax)	\$4,024,900	0.2%
Border Contracts	\$1,200,000	0.1%
Teacher Incentive Awards (National Board Cert)	\$90,000	0.005%
Other Education Programs		
Advanced Opportunities	\$15,000,000	0.8%
TOTAL	\$173,179,400	9.2%

During our focus group meetings, the Advanced Opportunities program was cited by participants as one line item that should continue to exist outside of the new funding formula. Because of the support that this program receives and the fact that it is meeting its goal of providing high school students with enhanced learning opportunities, we recommend that it continue to be funded outside of the new formula.

Highly Recommended for Inclusion

School funding expenditures are driven by staffing costs more than anything else. The seven line items that deal directly with staffing costs account for 63.2 percent of education expenditures in Idaho. Funding to schools and districts from the Net State Support line item accounts for 22.5 percent. For a new formula to be able to positively impact education decisions, we believe that it should include all seven of the line items that deal with staffing costs, as well as funding from the state's Net State Support program.

Table 2: Line Items Highly Recommended for Inclusion in the New Formula	FY 2018-19 FUNDING	PERCENTAGE OF TOTAL STATE ED. FUNDING
Career Ladder – Salaries	\$761,566,200	40.6%
Salary-Based Apportionments (Admin., Classified)	\$203,518,300	10.8%
Career Ladder – Benefits Obligation	\$142,869,800	7.6%
Employer's Benefit Obligation (Admin., Classified)	\$38,180,000	2.0%
Professional Development (Idaho Core, District Funding, G/T)	\$21,550,000	1.1%
College and Career Advisors and Student Mentors	\$9,000,000	0.5%
IT Staffing	\$8,000,000	0.4%
Total Staffing Costs	\$1,184,684,300	63.2%
Net State Support	\$421,530,200	22.5%
TOTAL	\$1,606,214,500	85.6%

Consider for Inclusion

The state has 12 line items that provide funding for specific education services (Technology, Content and Curriculum, and Leadership Premiums) or for programs for groups of students, such as English-language learners or at-risk students. While the goals of each of these programs are well-meaning, they restrict local funding decisions and require schools and districts to produce a great deal of paperwork. For these reasons, we recommend that each of these 12 line items be rolled into the state's new funding formula.

Table 3: Line Items to Consider for Inclusion in the New Formula	FY 2018-19 FUNDING	PERCENTAGE OF TOTAL STATE ED. FUNDING
Technology	\$36,500,000	1.9%
Leadership Premiums	\$17,773,600	0.9%
Literacy Intervention	\$13,156,500	0.7%
Content and Curriculum	\$6,350,000	0.3%
Math and Science Requirements	\$5,930,000	0.3%

Table 3: Line Items to Consider for Inclusion in the New Formula

	FY 2018-19 FUNDING	PERCENTAGE OF TOTAL STATE ED. FUNDING
Remediation/Waiver (Non-Title I)	\$5,456,300	0.3%
Limited English Proficient	\$4,870,000	0.3%
Student Achievement Assessments	\$3,100,000	0.2%
Math Initiative	\$1,817,800	0.1%
Mastery Based System	\$1,400,000	0.1%
Continuous Improvement Plans & Training	\$652,000	0.03%
Innovation Schools	\$100,000	0.01%
TOTAL	\$97,106,200	5.2%

Master Educator Premium

In both the focus group sessions and public meetings, we received a great deal of input about the state's new Master Education Premium. This new program was established in 2015 under the state's Teacher Career Ladder, and funding will begin in 2019-20. Teachers with at least eight years of experience and who have completed three years of education portfolios will be eligible for a bonus of \$4,000 per year for a three-year period. We received a large amount of input that this program should continue to operate, no matter the new formula adopted. We also heard from many participants that funding for the Master Education Premium should be folded into the new formula. Some districts let us know that none of their teachers are filling out their portfolios, while other districts told us that all of their qualified teachers have been putting together portfolios in anticipation of receiving this bonus.

3. STRUCTURE OF THE NEW FORMULA

Student Counts

To move forward with a new formula, the Public School Funding Formula Interim Committee will need to choose a student count system. H.C.R. 49 states, "Transition the Idaho public school funding formula from counting students based on average daily attendance to counting students based on enrollment." We recommend using enrollment from each school/district in the new funding formula.

Grade Weighting

Idaho's current formula provides additional funding for some schools for grades K-3 and for high school grades. Current research shows that K-3 and high school programs require additional funding. Because of the research and the state's current practices, we recommend providing additional weight to both early grades and high school programs.

Student Funding Needs

Throughout the public input collection period, we identified four high-need student populations: at-risk students, English-language learners, students who require special education, and gifted and talented students.

AT-RISK STUDENTS

Under Idaho's current formula, funding for at-risk students is limited and incentivizes the formation of alternative schools. We recommend including a weight for at-risk students in the formula so that students in all grades, regardless of the type of school they attend, receive additional funding.

Although there are more than 20 methods that states use to determine a student's at-risk status, a majority of states use the student's eligibility for the National School Lunch Program. The second most common identification method is unsatisfactory academic progress.

Additional weights range from 2.5 percent in North Dakota to 97 percent in Maryland.

ENGLISH-LANGUAGE LEARNERS

According to public input, the current funding for English-language learners is insufficient to meet the demands of this student population. We recommend including this as a weight in the funding formula so that schools with a higher number of English-language learners receive additional funding.

Across states, weights range from 9.6 percent in Kentucky to 99 percent in Maryland.

STUDENTS WHO REQUIRE SPECIAL EDUCATION

The most common high-need student population discussed in public input meetings was special education students. Because the current system funds students based on an assumed percentage, it does not reflect actual differences in student demographics between districts and schools.

Many states use multiple student weights to reflect categories of services. For example, states might have different weights for students with mild, moderate or severe disabilities.

GIFTED AND TALENTED STUDENTS

Throughout Idaho, there is no consensus on how districts and schools should fund gifted and talented students. However, because the current system is limited in scope, it does not allow schools to fund gifted and talented programming, only professional development.

Many districts shared that the Advanced Opportunities program acts as gifted and talented programming for high school students. We recommend no additional funding for high school students, as long as the Advanced Opportunities program remains. Additional funding could be offered either on a per-pupil amount or a weight for a restricted number of students.

District Funding Needs

SMALL/ISOLATED SCHOOLS

A concern that was expressed repeatedly in our focus groups was that the new formula needs to address the fact that small schools/districts face higher costs for delivering educational services. These concerns are backed up by national research that shows that small schools/districts have a higher cost of delivering services than larger districts. The current formula provides additional funding for elementary schools with fewer than 300 students and high schools with fewer than 750 students. We recommend that a new formula provide an adjustment for small schools similar to the current adjustment. In addition, we recommend that the funding formula provide a minimum level of funding for very small schools.

THE HIGHER COST OF CONDUCTING BUSINESS IN SOME DISTRICTS

We heard during our meetings that some districts are forced to compete for staff with either larger districts in the state or districts in other states (specifically, Washington and Wyoming). There are several ways that this issue can be accounted for in the new formula, including:

- Regional cost adjustments.
- Cost adjustments for district location.
- Adjustments for a district's relative wealth.

Each of these funding adjustments could help some districts better compete for staff; however, each of these adjustments also bring their own issues, so there should be a full discussion of each adjustment prior to incorporating them into the new formula.

CONCERNS ABOUT TEACHER PAY

During our meetings and in some of the written responses, we heard concerns that if the state no longer uses the career ladder to distribute state funding, districts could start to push out more experienced/higher-cost teachers and replace them with less experienced/lower-cost teachers. This issue could be addressed by adjusting state funding based on a district's average experience. Under this type of system, a district with an average teacher tenure that is higher than the state average would receive a bump in its state funding. However, this funding adjustment would direct additional funding to districts with a high level of average experience, which will often be schools or districts that are already high-spending.

In addition, we heard some feedback that if a new funding system provided complete freedom in funding expenditures, districts might be pressured to increase teacher salaries at the expense of other educational costs. A new funding formula could mandate that certain funds be set aside for certain activities, or it could cap how much funding could be expended on certain line items — such as teacher compensation. However, these types of funding mandates tend to grow over time and can create a funding system much like the one the state currently has.

FRONT-LOADING STATE FUNDING

Another stated goal in H.C.R. 49 is to “revise the timing, frequency and portion amounts of payment distributions to public school districts and charter schools.” The state currently front-loads funding to districts by providing larger payments at the beginning of the school year. Most education leaders expressed their support for the current front-loaded system, which they say allows them to address the fact that most of their expenditures occur at the beginning of the year. However, individuals who represent virtual charters said they would rather have funding distributed more evenly during the year because they receive new students in their programs throughout the year.

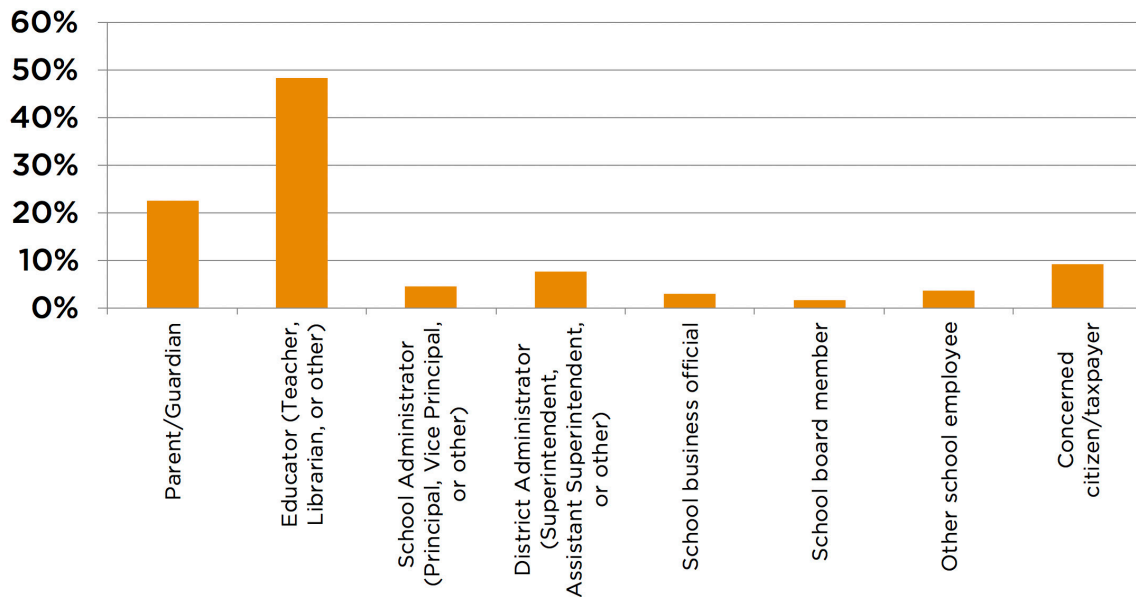
HOLD HARMLESS

The Public School Funding Formula Interim Committee committed to holding districts and charters “... financially harmless in totality of state funds during the transition period.” To allow schools/districts to best cope with a transition to a new funding formula, we recommend a hold harmless period of three to five years.

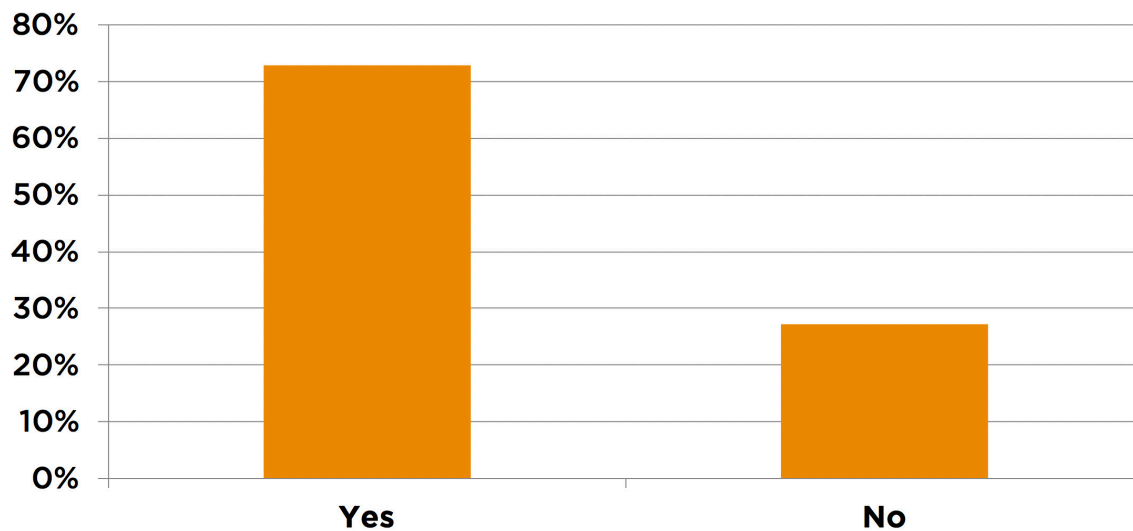


Appendix A: Survey Results

1. Which term best describes you?



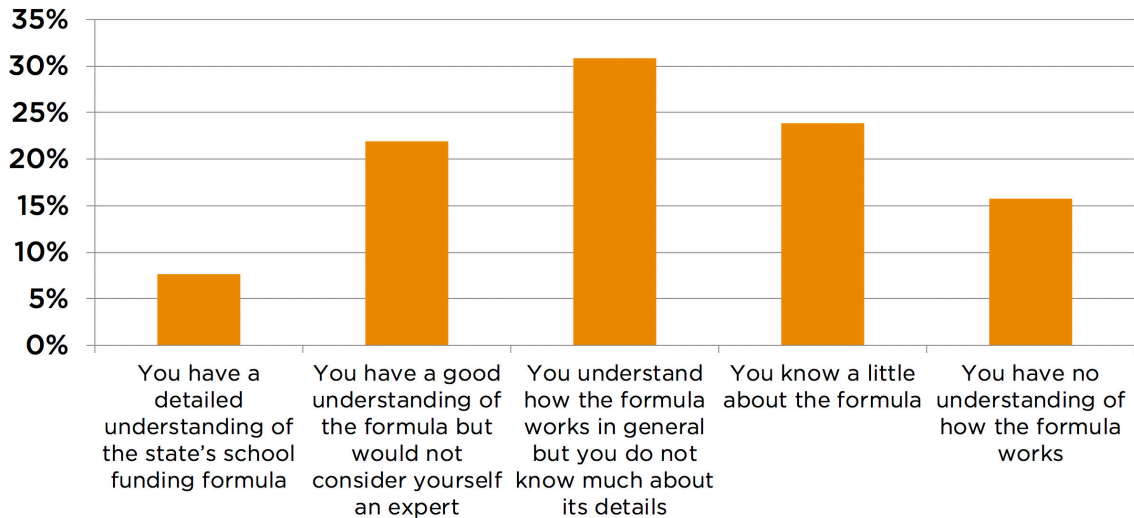
2. Do you currently work in a public school in Idaho?



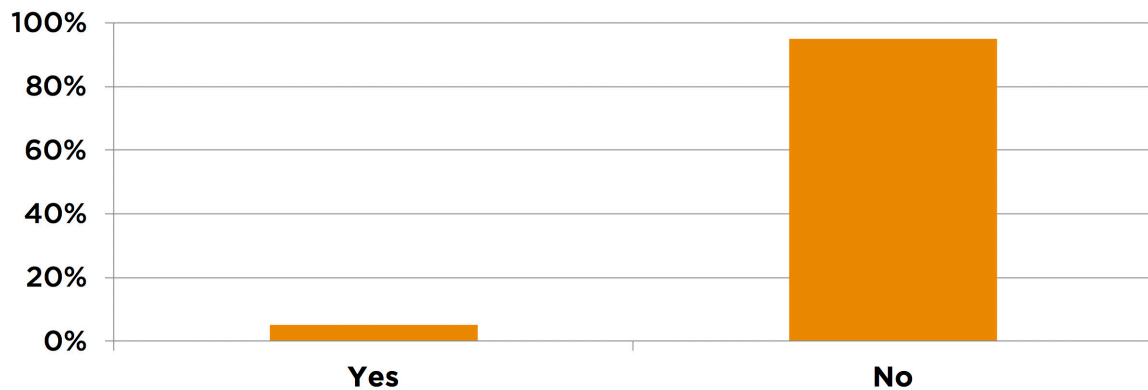
Question 3 asks respondents to identify with which school district or charter they're affiliated.



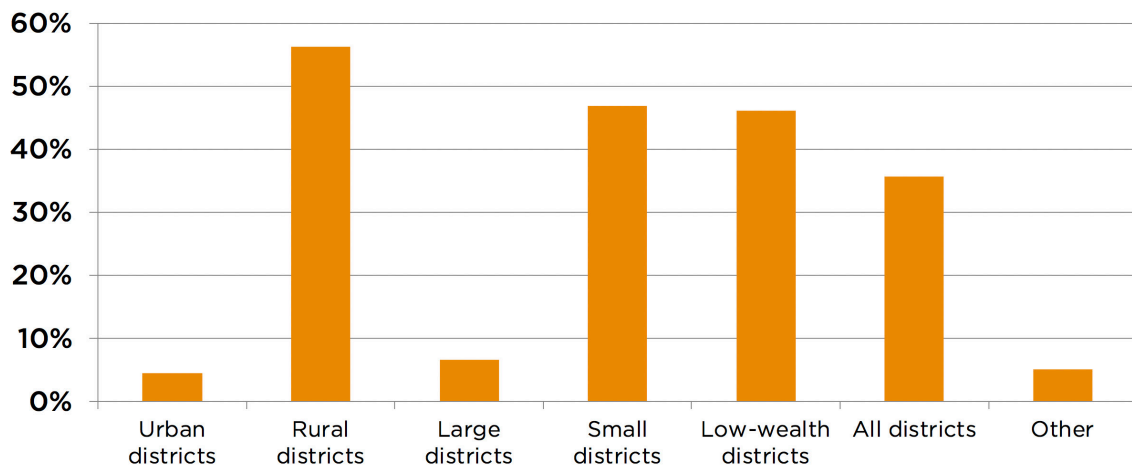
4. How well do you feel you know Idaho's current school funding formula?



5. Do you think the current funding formula works well for all schools in your state?

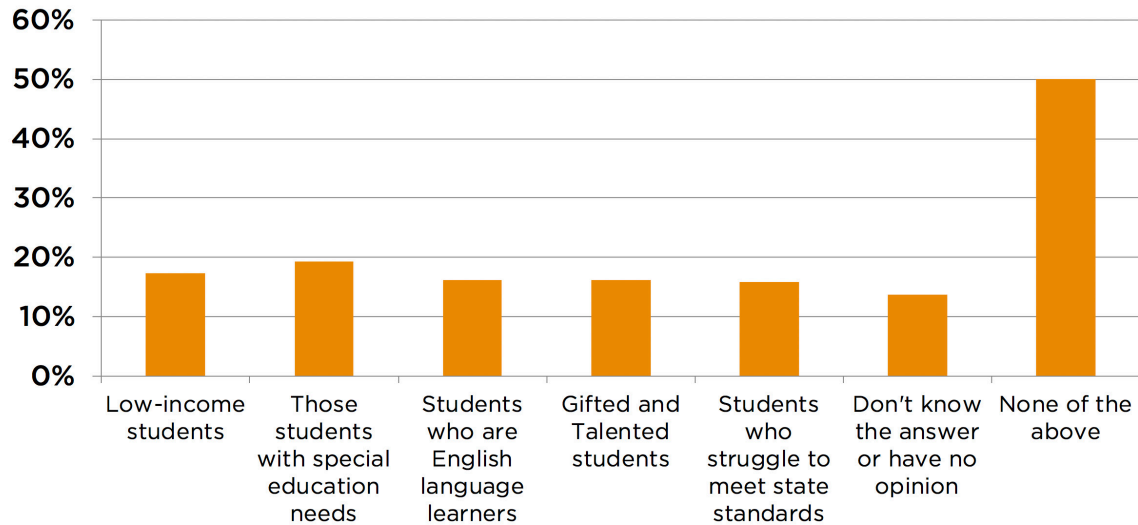


6. If no, which types of districts do you feel the current system does not work well for? (select all that apply)

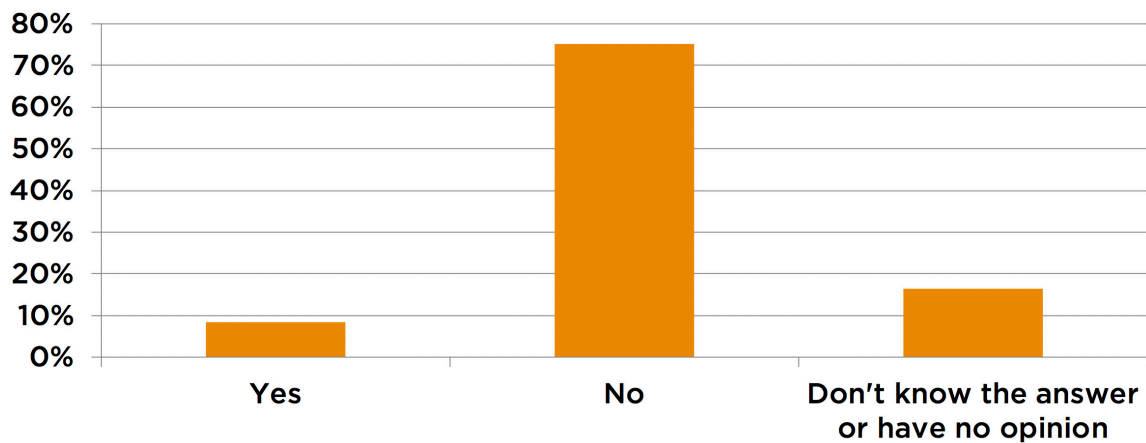




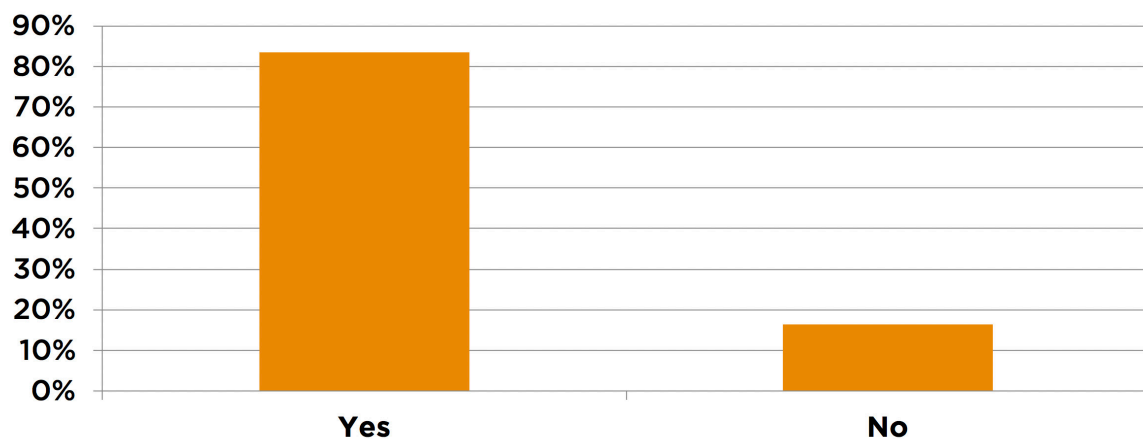
7. Do you believe that Idaho's current education funding system addresses the needs of the following student groups? (select all that apply)



8. Do you think that the state's funding formula provides school districts and charter schools with enough flexibility?

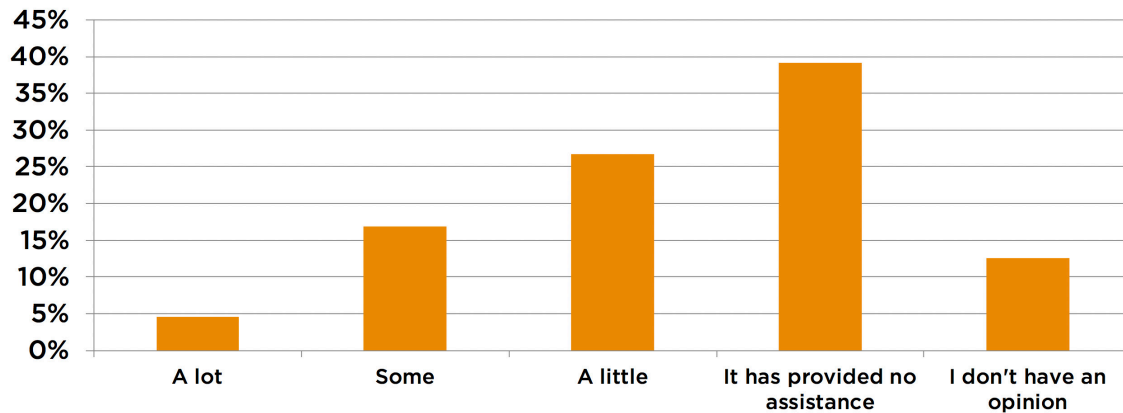


9. Are you familiar with the state's career ladder?



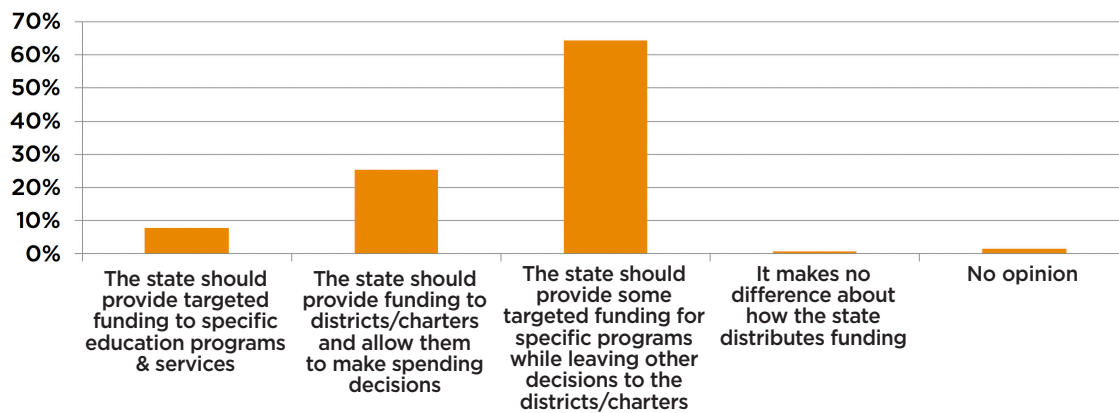


10. If yes, how much do you feel that the career ladder has enabled your school to recruit and retain quality teachers?

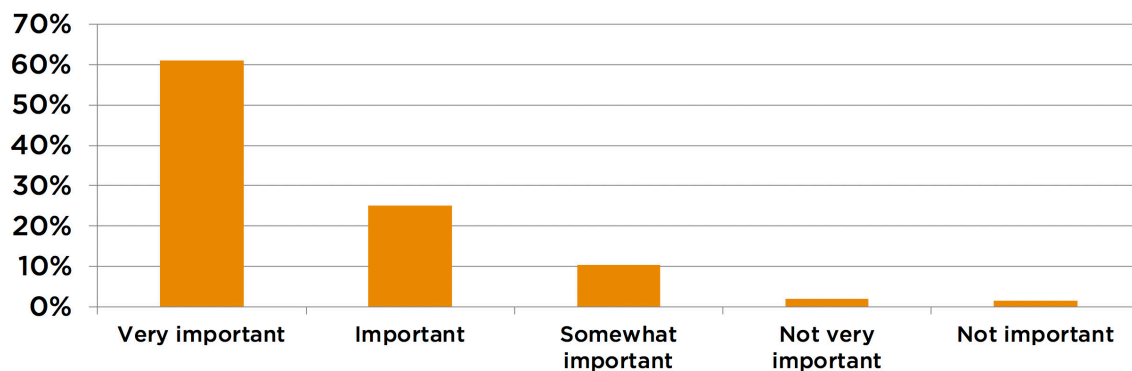


Question 11 is an open response. Responses are summarized above.

12. Some states provide funding that can only be used for specific educational programs and services (such as: teacher salaries, after-school or summer school programs, or textbooks); other states provide the funding but leave it up to districts or charters. Which method do you think is best?

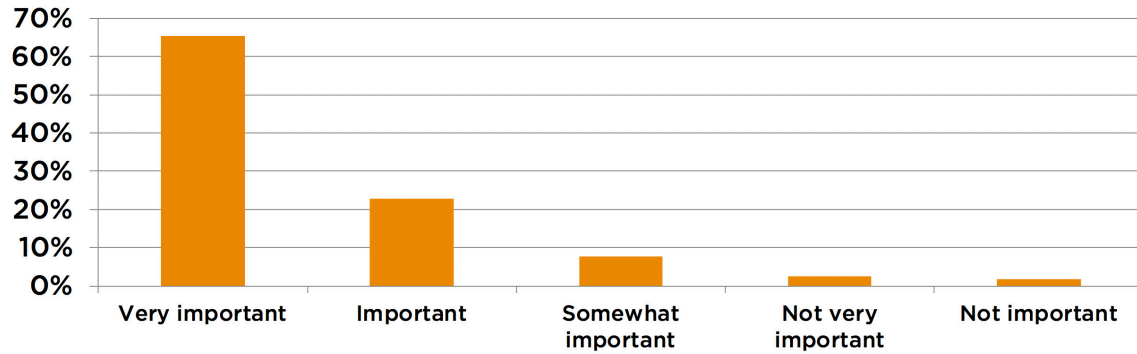


13. How important is it that the state provides additional funding for low-income students?

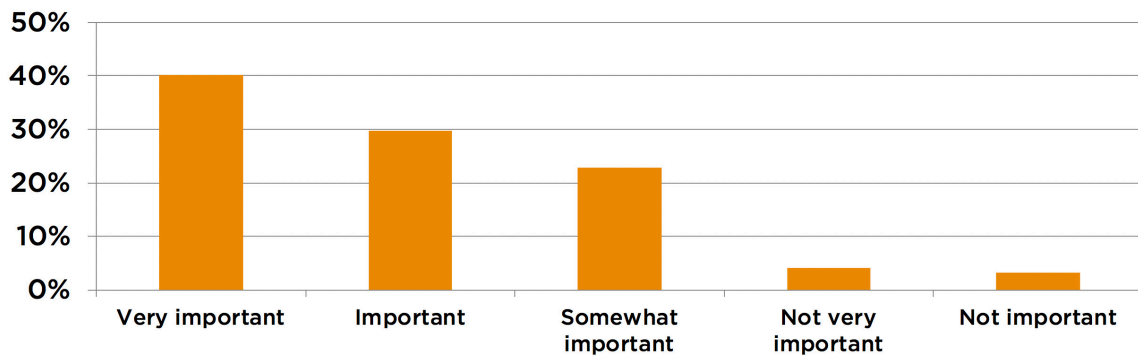




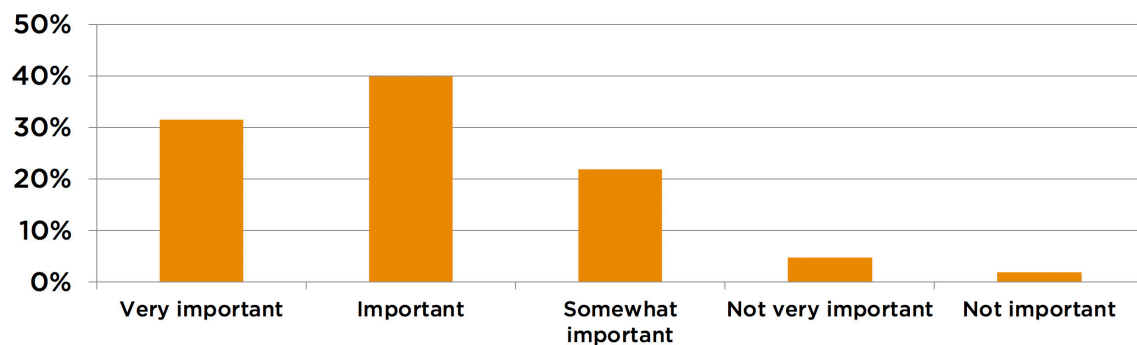
14. How important is it that the state provides additional funding for special education students?



15. How important is it that the state provides additional funding for English-language learners?

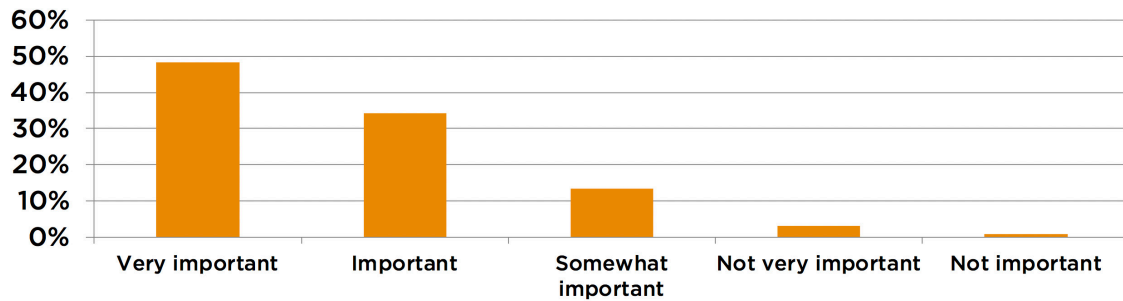


16. How important is it that the state provides additional funding for gifted and talented students?

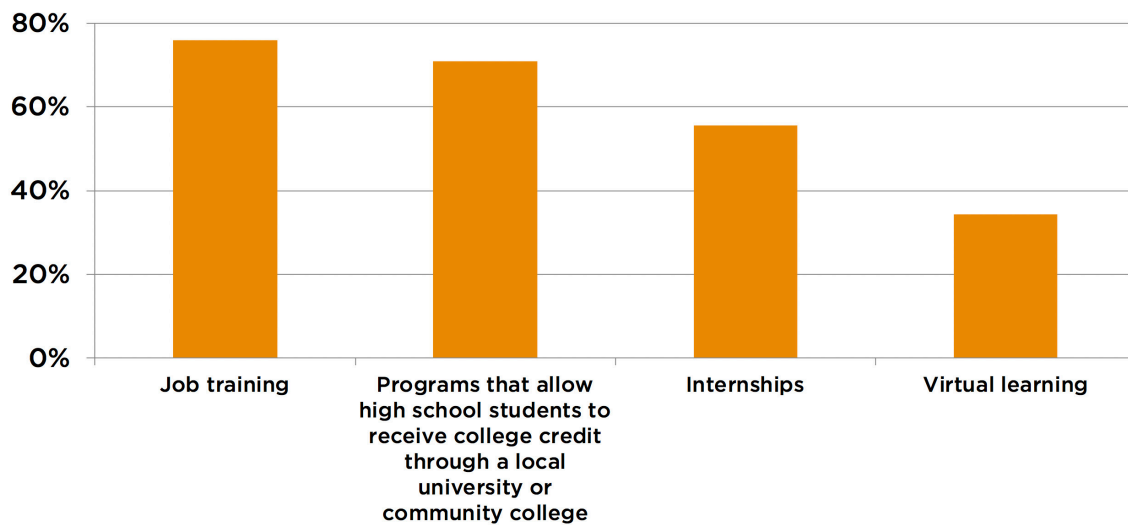




17. How important is it that the state provides additional funding for students who are currently struggling to meet state standards?



18. There are several different programs that students can take advantage of outside of their traditional schools. In your opinion, which of the following programs should a new school funding formula address? (select all that apply)



Appendix B: Press Mentions

1. "School Funding Committee Kicks Off Regional Meetings," *Idaho Ed News*, <https://www.idahoednews.org/news/school-funding-committee-kicks-off-regional-meetings/>
2. "Research & Commentary: Funding Formula Committee Has Chance to Transform Public Education in Idaho," The Heartland Institute, <https://www.heartland.org/publications-resources/publications/research--commentary-funding-formula-committee-has-chance-to-transform-public-education-in-idaho>
3. "State Legislators Working to Fix Education Funding Formula," Local 8 News, <http://www.localnews8.com/news/education/legislators-working-to-fix-education-funding-formula/752327105>
4. "New Ed Funding Formula Needed," *Bonner County Daily Bee*, http://www.bonnercountydailybee.com/local-news/20180621/new_ed_funding_formula_needed
5. "A New Dawn for Education Funding in Idaho Is Coming," *Shoshone News-Press*, http://www.shoshonenewspress.com/local_news/20180622/a_newdawn_for_education_fundingin_idaho_is_coming
6. "Input Sought On How to Fund Education," *The Lewiston Tribune*, https://lmtribune.com/northwest/input-sought-on-how-to-fund-education/article_4e7fb751-402a-5cc2-9021-f5642ec12937.html
7. "Guest Editorial: Shutting Out Public Weakens Trust," *Post Register*, <http://www.postregister.com/articles/opinions/2018/06/15/guest-editorial-shutting-out-public-weakens-trust>
8. "Experienced Teachers Push For Better Pay Amid K-12 Funding Overhaul," *Idaho State Journal*, https://idahostatejournal.com/members/experienced-teachers-push-for-better-pay-amid-k--funding/article_d22f8b59-ba75-56f4-bb68-529e9ffab37a.html
9. "Want to Weaken Public Trust? Close the Doors," *The Lewiston Tribune*, https://lmtribune.com/opinion/want-to-weaken-public-trust-close-the-doors/article_32308d6b-9a97-5758-b132-7b139a746874.html
10. "Local Funding Formula Meetings Next Week," *Rexburg Standard Journal*, https://www.rexburgstandardjournal.com/news/idaho/local-funding-formula-meetings-next-week/article_55f5c2a3-7d72-5090-9aa4-dd85033b28de.html

MICHAEL GRIFFITH
SCHOOL FINANCE SPECIALIST

Email: mgriffith@ecs.org
Phone: 303.299.3675

EMILY PARKER
POLICY ANALYST

Email: eparker@ecs.org
Phone: 303.299.3662