

# Public Education Funding in Idaho

Evaluation Report  
January 2009

Office of Performance Evaluations  
Idaho Legislature



Report 09-01

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Rakesh Mohan, Director  
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January 2009

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# Office of Performance Evaluations Idaho Legislature

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January 8, 2009

Members  
Joint Legislative Oversight Committee  
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Last March you directed us to evaluate public education funding in Idaho. We compared Idaho's funding approach to that of other states and identified adequacy issues from the perspective of education stakeholders.

To its credit, Idaho has made changes to its funding formula; however, more than a decade has passed since Idaho has made major revisions. In many areas, the needs of the educational system have changed with the passage of time; hence the formula is in need of attention once again.

The report concludes that Idaho's system of public education should be held to the same kinds of standards and the same degree of accountability as any other government program or service. We believe that Idaho can meet its obligations and move forward without emulating other states that have conducted a formal adequacy study. Instead, Idaho can follow a measured approach of *goal setting, investment, implementation, and evaluation* that can be tailored to the state's particular needs.

To assist Idaho's policymakers in facing the challenges of the coming decade, this study provides an approach that is informed by learning from the experience of other states, identifying specific weaknesses in the current funding approach, and listening to input from stakeholders.

We appreciate the assistance we received during this study from the State Department of Education, the Office of the Attorney General, and the State Board of Education. Finally, this study would not have been possible without the cooperation and input of Idaho's superintendents, board members, principals, teachers, and business managers.

Sincerely,

A handwritten signature in blue ink that reads "Rakesh Mohan".

Rakesh Mohan

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# *Executive Summary*

## **Public Education Funding in Idaho**

### **Overview**

In March 2008, the Joint Legislative Oversight Committee (JLOC) directed the Office of Performance Evaluations (OPE) to examine the issue of the adequacy of kindergarten through grade twelve public education funding in Idaho. We evaluated Idaho's approach to funding in relation to other states, the strengths and weaknesses of Idaho's approach, and the funding issues of concern as identified by Idaho stakeholders.

This report does not provide a definitive answer on how, or how much, Idaho should fund public education. Rather, we provide information and tools the Idaho Legislature can use to identify educational goals and move toward those goals in a measured and fiscally responsible manner.

### **Findings**

#### ***Conducting an Adequacy Study Is Not the Solution***

Many states have placed a significant amount of weight on adequacy studies to provide answers for how the state should fund public education. Often, states conduct adequacy studies in response to legal challenges, to avoid litigation, or to improve the state's education system. In general, adequacy studies attempt to place a monetary value on what is needed to achieve particular student outcomes.

Sometimes states perceive adequacy studies to be a definitive solution for resolving funding problems. However, in spite of what adequacy studies promise to achieve, they have not been able to clearly link the often large funding increases they recommend with specific educational outcomes. Without this key link, states that have conducted adequacy studies cannot guarantee that providing the recommended funding will achieve the specified outcome. If a state defines adequacy (particularly within the context of a constitutional requirement) and is unable to achieve that definition, instead of insulating itself from litigation, the state may open itself to legal challenges.

Another often overlooked weakness of adequacy studies is that definitions of adequacy are inherently subjective. Different definitions can have widely varying fiscal implications and a definition that might seem appropriate today could be outdated a decade from now.

Concerns and interest in the matter of adequate funding are legitimate. However, given the limitations noted above, we do not recommend that Idaho follow the path of other states in conducting a formal adequacy study.

### ***Idaho Can Move Forward Without an Adequacy Study***

In general, funding public education requires setting achievement goals and establishing the programs and services necessary to achieve those goals. Idaho can fulfill its most basic responsibilities in a measured and modest way by (1) engaging in a process to set and measure goals, and (2) ensuring that Idaho's system of public education is held to the same standards and accountability as any other governmental program. In following this process, the state should recognize that goals can represent an intention instead of a rigid requirement, and goals can and should change over time as circumstances change.

A general set of funding objectives and distribution characteristics can be used by any state government to guide the creation, funding, and administration of programs or services. The objectives of funding any state program or service should be: promote equity, achieve cost-effectiveness, follow best practices, establish clear policy objectives, and promote outcome accountability. Characteristics of distributing funds to any state program or service should be: easy to understand, transparent, flexible, predictable, and provide a safety net for emergency needs. Idaho should hold itself to these standards in the context of public education funding.

In lieu of conducting what is understood to be an adequacy study, Idaho can move forward by following a cyclical process of goal setting, investment, implementation, and evaluation. Currently, Idaho uses a standardized test to measure progress toward student achievement goals as required by the federal government. However, Idaho is not bound to this measurement if the state were to create its own set of goals for educational outcomes. Stakeholders that participated in our evaluation provided their perspectives on additional measures that Idaho could use to gauge achievement of its student outcome goals.

### ***Idaho's Funding Approach Should Be Reviewed***

Idaho last made major revisions to its public education funding approach 15 years ago. In many ways, the needs of the educational system today are not the same as they were when the formula was last revised in 1994. Our examination of the funding formula and our communications with stakeholders revealed several places where, over time, the formula no longer reflects the original funding rationale or, in some cases, the original rationale is no longer relevant.

Stakeholders also provided their perspectives on major funding concerns and top priorities.

The funding formula revisions of 1994 were intended to address issues of inequity. Because issues of equity are closely tied to, and often overlap with, issues of adequacy, the state must consider both when examining how education funds are distributed. To better understand the relationship between equity and adequacy, we conducted an analysis of how funding was distributed among districts and students in Idaho. Our analysis of equity revealed that local, state, and federal revenue sources each contribute differences in per pupil funding among districts; however, local funds contribute the largest share of differences. In the case of state funding, distributions by student are not equal across all districts. Distribution differences likely reflect deliberate legislative decisions, such as funding smaller districts at a higher level per student to promote equal educational outcomes. When compared to large districts, small districts must provide the same level and array of services, including the associated fixed costs of providing these services to small numbers of children.

The Legislature should consider reviewing Idaho's approach to funding to ensure that it conforms to the general objectives and characteristics consistent with any state program or service, and to ensure that the formula meets current public education needs. Aside from a general review, Idaho could specifically evaluate several key areas of the funding approach:

- In regional superintendent forums and stakeholder surveys, stakeholders identified ways in which they believe the funding formula currently does not fully support district needs. Stakeholders generally had particular concern with teacher salaries, recruiting, and retention. In response, the Legislature could consider an evaluation of the components of teacher salary reimbursement and school districts' challenges in recruiting and retaining qualified teachers.
- Many stakeholders reported that the state does not provide enough discretionary funds. Stakeholders are concerned that limited discretionary allocations may be due to misperceptions about how districts use discretionary funds. The Legislature could consider conducting a study to determine which fixed costs districts pay with discretionary funds.
- We found several issues with Idaho's method for funding special education. The Legislature could review Idaho's approach to special education funding and consider specifically addressing issues such as more closely tying funding to the estimated cost of educating a special education student and the significant growth in students identified as seriously emotionally disturbed.

## Acknowledgements

We appreciate the assistance we received from the following entities: the State Department of Education, legislative Budget and Policy Analysis, the Office of Attorney General, the State Board of Education, the Idaho Association of School Administrators, the Idaho School Boards Association, and the Idaho Education Association. We also appreciate the input received from Dr. Jay Chambers, a nationally recognized expert in school finance and education cost analysis.

Carrie Parrish, Maureen Shea, and Jeff Shinn of the Office of Performance Evaluations conducted this study. Hannah Crumrine of the office assisted with research, and Margaret Campbell was the copy editor.

Additional assistance was provided by three consultants:

- Bob Thomas, Robert C. Thomas & Associates and a Senior Principal Management Auditor at the King County Auditor's Office in Seattle, Washington
- Kathleen Sullivan, Ph.D., former Professor and Director of the Center for Educational Research and Evaluation, University of Mississippi, Oxford, Mississippi
- Tedd McDonald, Ph.D., Associate Professor and Director of the Master of Health Science Program, Boise State University, Boise, Idaho

# Chapter 1

## Introduction

*In March 2008, legislators expressed interest in a review of Idaho’s kindergarten through twelfth grade public education funding formula. This report focuses on how Idaho’s approach to funding compares with other states, the strengths and weaknesses of Idaho’s approach, and current adequacy issues in funding as identified by Idaho stakeholders.*

### Public Education Funding in Idaho

Idaho’s Constitution states that it is the duty of the Legislature to “establish and maintain a general, uniform and thorough system of public, free common schools.” In fiscal year 2008, kindergarten through twelfth grade (K–12) public education comprised 48.5 percent of the total state general fund appropriation.

Public education funding in Idaho comes from three sources: federal, state, and local (see exhibit 1.1). The state provides the largest portion of funding for education and the federal government provides the smallest. This report primarily examines the funds paid by the state for K–12 public education.

State contributions to public education can be divided into three parts: salaries and benefits, discretionary, and categorical. Exhibit 1.2 shows that in the current fiscal year, salaries and benefits are the largest portion of the state contribution (64 percent). Discretionary funding is the second largest expenditure (24 percent), and categorical funds make up the remaining 12 percent of the total state education appropriation.

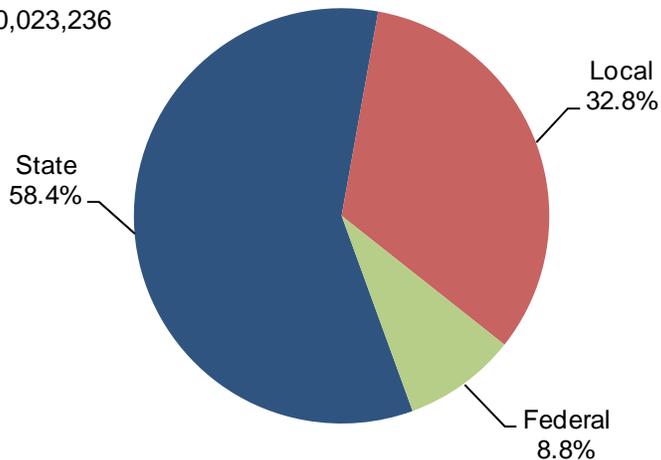
Appendix A describes how the state distributes funds to each district, primarily by using calculations based on the average daily attendance of students in each district.<sup>1</sup> We interviewed a sample of 25 business managers around the state and learned that districts across the state do not use a standardized methodology to distribute money to individual schools. However, most districts (22 out of 25 interviewed) had a formal process in place for allocating funds to individual schools. Of the districts interviewed, three districts reported not having a formal process for allocating funds to schools in their district. Of these three, one district had no guidelines, and two districts had informal guidelines.

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<sup>1</sup> Funding details about special education are in appendix B.

### Exhibit 1.1: Government Sources of Education Funds, Fiscal Year 2007

Total Government Funds  
\$2,330,023,236

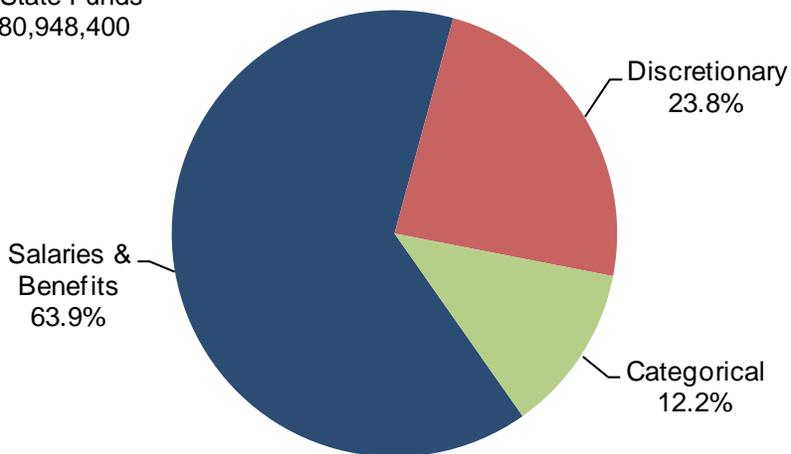


Note: State and federal totals are reported by the State Department of Education and may not match actual state appropriation.

Source: Office of Performance Evaluations analysis of financial data, State Department of Education, 2007.

### Exhibit 1.2: State Appropriation by Funding Component, Fiscal Year 2009

Total State Funds  
\$1,480,948,400



Note: Percents do not sum to 100 due to rounding.

Source: Office of Performance Evaluations analysis of public school appropriation data, Legislative Services Office, Budget and Policy Analysis, 2009.

## **Adequacy and Equity**

Historically, states have focused on the issue of equity in public education finance in an attempt to fairly distribute available funds. In recent decades, the debate about education finance has shifted from discussions of the equity of funding to discussions of the adequacy of funding. Adequacy is often defined in terms of the amount of funding needed to achieve identified educational goals. Many states have questioned whether their government provides an opportunity for each student to receive an adequate education. Often, challenges to states' education finance systems center on issues of whether a state's constitution requires achievement of some standard of adequacy.

Nationally, states began experiencing lawsuits challenging the equity of education finance systems in the late 1960s. In the 1970s, lawsuits challenging the equitable distribution of funds increased, stemming from the heavy use of property taxes to fund K–12 education. This heavy use often resulted in large disparities in funding among districts. Most states have reformed their education finance systems to provide a greater degree of equity. Since the late 1980s, the focus has turned to issues of adequacy.

Like other states that have attempted to determine the equity and adequacy of public education funding, Idaho has a long history of public education finance litigation. Appendix C contains a timeline of key dates in litigation of public education funding in Idaho. The Idaho Legislature last made major revisions to the public education funding formula in 1994 through Senate Bill 1560 (as amended). The legislation modified the funding formula in several ways. Most importantly, it created a new process for distributing state funds to districts based on a specified number of staff and a specific allocation per staff. Since 1994, the Legislature has made incremental changes to components of the funding formula.

This report primarily focuses on issues of adequacy in Idaho's public education finance system. However, the concepts of equity and adequacy overlap and cannot be entirely separated. Thus, we also examine equity to the extent that it influences adequacy. Chapters 2, 3, and 4 discuss both adequacy and equity as they pertain to Idaho.

## **Legislative Interest and Study Mandate**

In March 2008, the Joint Legislative Oversight Committee directed the Office of Performance Evaluations to review Idaho's approach to funding public education (excluding facility and transportation components). The Oversight Committee assigned us this project because of the variety of changes that have occurred in education since the Legislature last revised the funding formula in 1994. This

report is not a constitutional analysis. Specifically, committee members asked us to study two primary areas:

- Evaluate how Idaho’s approach to funding compares to other states and identify the strengths and weaknesses of those approaches
- Identify and evaluate adequacy issues from the stakeholders’ perspective on how funds are allocated to districts and individual schools

## **Methodology**

The Office of Performance Evaluations designed this project to examine public education funding in Idaho as well as explore the adequacy issues that currently exist because of specific funding formula characteristics. In addition to research on how the state allocates funds to public education, a key piece of our work involved obtaining the perspectives of public education stakeholders. To achieve these goals, we completed the following tasks:

- Reviewed literature on public education finance to better understand the history, evolution, and leading trends of K–12 public education funding.
- Reviewed relevant sections of the Idaho Constitution, Idaho Code, and Idaho Administrative Rule.
- Examined the funding formulas of our six neighboring states as well as other states that have conducted recent adequacy studies or have funding components similar to Idaho, including New Hampshire, Wisconsin, and New Mexico.
- Met with officials of the Idaho Association of School Administrators, the Idaho School Boards Association, and the Idaho Education Association.
- Interviewed a random sample of district business managers across the state to understand how districts transfer money from the district office to individual schools. The sample included one large, medium, small, and very small district from each of the six educational regions in Idaho. We also interviewed the business managers in the state’s two largest districts. A total of 26 districts were included in the sample; we were able to interview 25.
- Met with six individuals who served as superintendents around the time the Legislature passed Senate Bill 1560 in 1994. This group of individuals provided insight into the environment in which the state last made significant modifications to the funding formula as well as the rationale behind formula components established by Senate Bill 1560.

- Conducted a web-based survey of key public education stakeholders to identify adequacy issues. We surveyed 1,086 superintendents, school board members, and principals in the state. We also surveyed a random sample of 1,414 Idaho teachers. A total of 568 stakeholders completed the survey. Survey respondents represented all six educational regions as well as all district sizes. The Department of Education, the Idaho Association of School Administrators, the Idaho School Boards Association, and the Idaho Education Association had the opportunity to pilot test the survey before distribution.
- Conducted discussion forums with district superintendents in each of Idaho's six educational regions to further discuss issues of adequacy. Because this project specifically called on our office to explore adequacy issues, we asked forum participants to focus on the adequacy of public education funding, rather than equity.
- Used generally accepted measures of equity to determine the extent to which Idaho distributed public education funds equitably in fiscal year 2007. We performed this analysis to determine the extent to which Idaho's per pupil funding levels are comparable across districts as well as to understand variations in state and local revenue among districts.
- Worked with officials from legislative Budget and Policy Analysis, the State Department of Education, the Office of Attorney General, the State Board of Education, and contracted with consultants for technical assistance.



## **Chapter 2**

# **Should Idaho Follow the Same Path As Other States That Have Pursued Adequacy Studies?**

*Many states have conducted studies on the adequacy of their public education finance systems in response to legal challenges, to avoid litigation, or to improve their education system. However, currently available studies on the adequacy of education funding are not a definitive solution. These studies do not insulate states from litigation, and have yet to create a clear link between the large-scale infusions of funding they often recommend and student achievement outcomes. Nevertheless, the fact that adequacy studies have not been shown to fulfill their promise does not mean Idaho is left without options or that Idaho cannot benefit from the experience of other states. A first step for Idaho would be to identify student achievement goals and move toward those goals with a measured approach tailored to the state's particular needs.*

### **Q1 Do the experiences of other states provide clear direction on how Idaho should define and fund an adequate education?**

**Answer: No.**

*Many states have used adequacy studies as a method for defining and estimating the cost of an adequate education. States have conducted adequacy studies in an attempt to connect specific levels of investment with particular student achievement outcomes. Our examination of adequacy study methodologies revealed no ideal method for how the studies should be conducted. Adequacy studies, as they currently exist, are unable to demonstrate a clear link between the levels of investment they recommend and the student achievement they promise.*

*Another weakness of such studies is that definitions of adequacy are inherently subjective. Different definitions can have widely varying fiscal implications, and a definition that might seem appropriate today could be outdated a decade from now. If a state defines adequacy (particularly within the context of a constitutional requirement) and is unable to achieve that definition, instead of insulating itself from litigation, the state may open itself to legal challenges.*

*Although states often pursue adequacy studies in response to litigation or to prevent litigation, our conclusion is that creating a rigid definition of adequacy based on subjective criteria, and conducting studies that potentially over promise what is possible, is not a path that Idaho should follow.*

States have conducted adequacy studies in an attempt to place a monetary value on what schools need in order to achieve the state’s definition of an adequate education.<sup>1</sup> Advocacy groups, state educational departments, litigants, and state legislatures commission these studies. Because of competing or conflicting interests among these groups, states sometimes use more than one methodology, presenting the state with more than one funding option and funding amount for moving forward. States that have undertaken adequacy studies have generally done so through the use of one of five, standard methodologies:

- High Performing Districts – identifies districts that are currently meeting a desired standard and uses these districts as a benchmark
- Professional Judgment – uses a panel of educational professionals to define resources needed to meet a desired standard
- Evidence Based – uses expert consultants who defer to selected research results to estimate resources needed to meet a desired standard
- Econometric Analysis – uses detailed school expenditure data in order to find statistical relationships between spending and different levels of student achievement
- Legislative Cost Analysis – may be similar to the professional judgment methodology but relies on legislators or staff to conduct the analysis

None of the current adequacy study methodologies are ideal.<sup>2</sup> Each methodology has strengths and weaknesses on both technical and practical levels (see appendix D).

Adequacy studies often recommend an initial, large infusion of funds aimed at achieving particular goals. In order to determine whether efforts to improve education are successful, evidence must show that states have met goals and that

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<sup>1</sup> States define adequacy in different ways, often through their constitutions. Adequacy generally is used in reference to inputs, that is, the perceived funding levels needed to provide programs considered necessary to achieve student outcomes specified in the study. Some states also discuss adequacy in terms of test scores or other intended outcomes, such as students’ preparation for their roles in the global economy. Other adequacy studies supplement their discussion of intended outcomes and the funding needed to achieve those outcomes by describing the processes (programs) needed for an “adequate education.”

<sup>2</sup> A growing body of criticism disputes the effectiveness of adequacy studies. If these criticisms can be resolved in the future, adequacy studies may become more beneficial.

a clear research based link exists between the large investment made as a result of the adequacy study and the particular outcomes achieved. Our review of adequacy studies and of related literature did not find evidence of that linkage.<sup>3</sup>

A point that is often not emphasized and is sometimes overlooked in adequacy studies is that the definition of adequacy is inherently subjective, and that how states set their definition of adequacy can have a major influence on the size of investment needed. For example, the decision to define adequacy in terms of all students reaching one particular standard, versus 70 percent of students reaching that standard, has a direct impact on the estimate of needed funding. Even setting modest standards can be a very expensive pursuit. In most adequacy studies, the goal set for adequacy is higher than current student achievement levels, leading to recommendations for additional funding.

Because states may define adequacy in terms of what stakeholders desire instead of what can be reasonably and practically achieved, states can run the risk of over promising what is possible. For example, one of the most recent adequacy studies promised to double a state's student performance in the next five to ten years. If the state is unable to double its student performance in the time period given, it may be subject to legal challenges. From our review of the literature on adequacy studies, we saw examples in which defining adequacy and conducting a study do not insulate a state from litigation. In several states that have conducted adequacy studies, courts have legally challenged the methods or conclusions of these studies, leading to situations where state courts rather than state legislatures become heavily involved in making the ultimate funding decisions.

**Q2 Even though methodologies are not ideal for defining or funding adequacy, should Idaho be indifferent to linking funding to student outcomes?**

**Answer: No.**

*Creating a strong link between public education investments and student achievement outcomes is a reasonable goal. However, states do not necessarily need to perform a formal adequacy study in order to achieve that goal. Even without an adequacy study, states can set measurable goals, measure progress toward the goals, and make funding decisions concerning the most cost-effective ways of reaching the goals.*

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<sup>3</sup> Eric Hanushek, "Science violated: Spending projections and the 'costing out' of an adequate education," in *Courting Failure: How Good School Finance Lawsuits Exploit Judges' Good Intentions and Harm Our Children*, ed. Hanushek (Stanford: Hoover Press 2006), 257–311; Michael A. Rebell and Joseph J. Wardenski, *Of Course Money Matters: Why the Arguments to the Contrary Never Added Up* (New York, NY: The Campaign for Fiscal Equity, Inc. 2004).

*Idaho is in a position to move toward establishing and funding its education goals through a cyclical process of goal setting and evaluation. Furthermore, the state can do so while practicing fiscal responsibility, reducing risk, and without over promising what can be achieved. It can also do so by recognizing that setting goals can and should represent an intention instead of a rigid requirement, and that goals should change over time as circumstances change.*

Idaho's Constitution mandates that the state "establish and maintain a general, uniform, and thorough system of public, free common schools." Although no ideal means presently exist to link overall investments to specific student achievement, a state's best interest is to spend money as wisely as possible. As imprecise as current research may be, educational literature nevertheless indicates some investments are better than others.

Strategic spending on certain proven programs can have beneficial results in terms of enhancing student outcomes. For example, some of the strongest research evidence currently available demonstrates the effectiveness of certain academic interventions and other initiatives in raising the achievement of minority and low income students.<sup>4</sup> However, spending more, in and of itself, does not guarantee improvements in student outcomes. Unless states exercise some control over how funds are allocated and programs are managed, they can have no certainty that the funds will be used as intended, that the funds will be used cost-effectively, that programs will be carried out consistently, or that goals will be met by every district. The challenge for states is to strike a balance between the need for a certain level of control and maintain the desired degree of local autonomy.

Idaho can move toward establishing and funding its education goals by taking a cyclical approach that involves identification of what is and is not working, what needs to be fixed, and periodically redefine the goals if necessary. The following steps could be taken in a cyclical approach:

1. Set performance goals that incorporate the characteristics of different student groups (e.g., Limited English Proficiency or special education students) and define how the state will measure performance.
2. Determine which *currently provided* programs or services the state needs to modify in order to help students reach performance goals. Determine what programs or services that the state does *not currently provide*, but needs in order to help students reach performance goals.

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<sup>4</sup> David Grissmer, Ann Flannigan, and Stephanie Williamson, "Does Money Matter for Minority and Disadvantaged Students? Assessing the New Empirical Evidence," in *Developments in School Finance*, ed. William J. Fowler (Washington DC: US Department of Education, National Center for Education Statistics, 1997), <http://nces.ed.gov/pubs98/98212-2.pdf> (accessed December 22, 2008).

3. Determine the needed state investment to provide or modify programs or services in a cost-effective manner and then implement.
4. Measure success of implemented programs and compare to original performance goals.
5. Identify what has worked and what has not worked, then modify programs or services and investments as necessary.
6. Periodically reexamine the goals and begin the cycle again.

Because goals can change over time based on various influences such as changes in the economy, technological advances, and demographic shifts, states must continually revisit whether funding levels are meeting the needs of a changing education environment. Unlike some adequacy studies that set one large goal and then attempt to immediately fund programs and services to reach that goal, Idaho can take a more modest and measurable approach using the cyclical process. Rather than selecting a potentially unattainable goal and requiring large allocations from a finite amount of resources, Idaho can set reasonable

### Exhibit 2.1: Connecting the State's Investment in Education to Student Performance Goals



Source: Office of Performance Evaluations.

expectations and move toward them in a variety of ways, not all of which may require additional funds.

By using a cyclical process to establish goals and examine the cost-effectiveness of programs or services, a state can move forward in a fiscally responsible way while potentially reducing risk and without over promising what is possible. Experts recommend various time periods to complete the process, though rarely do recommendations exceed ten years for the completion of one cycle. In moving through the cycle, a balance must be found between allowing enough time for the state to measure student outcomes effectively, but not allowing so much time that the alignment of funding to programs and choice of programs becomes outdated.

In order to promote district accountability, the state can make provisions for ensuring model programs are implemented only in settings that are appropriate for these programs. Effective program implementation includes consideration of participant characteristics and on-going monitoring to ensure compliance with program designs.

### **Q3 Do stakeholders have opinions about key student achievement goals and how these goals can be achieved?**

**Answer: Yes.**

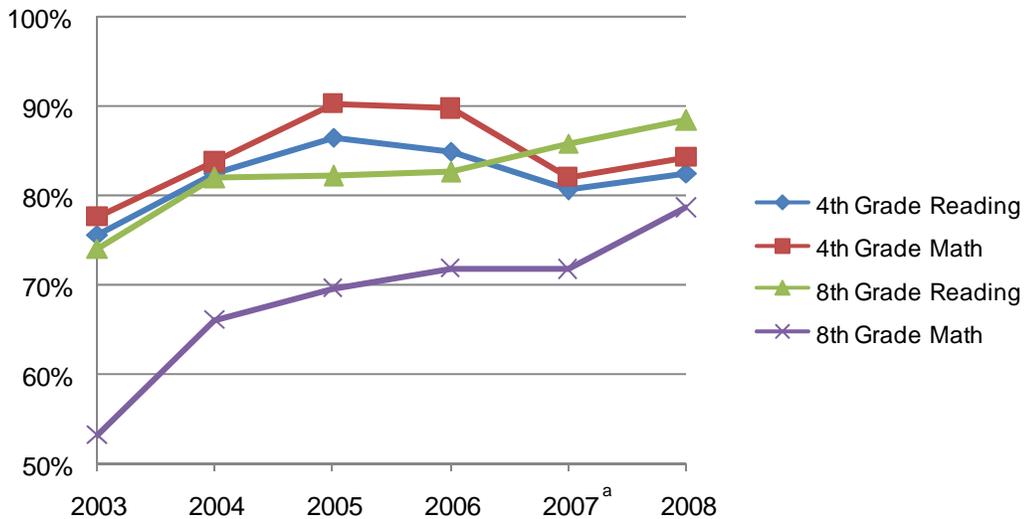
*One of the key components of the cyclical process is measuring progress toward achievement of identified student outcome goals. Idaho primarily uses standardized testing for measuring student achievement to comply with the federal No Child Left Behind Act of 2001. However, federal outcome requirements are not necessarily the only measure of student achievement a state can use as part of the cyclical process.*

*When asked what measures stakeholders think would be the best indicators of student achievement, a majority of Idaho stakeholders chose graduation rates from the list of potential options. Stakeholders were also asked to identify strategies for improving student achievement. For all respondents combined, the three most important strategies were smaller class size, parental involvement and family outreach, and high quality teachers.*

#### **Current Achievement Measures**

Idaho adheres to requirements of the federal No Child Left Behind Act of 2001 in measuring student achievement outcomes. The state created the Idaho Standards Achievement Test (ISAT) to report Idaho's student achievement to the federal government beginning in 2003. The ISAT uses four levels to classify student results: below basic, basic, proficient, and advanced. The federal No

### Exhibit 2.2: Idaho Student Achievement Test (ISAT), Percentage of Fourth and Eighth Grade Students Proficient or Above, Spring Results 2003–2008



<sup>a</sup> Test was created by a different vendor and results may not be comparable with previous years.

Source: Office of Performance Evaluations analysis of ISAT data, State Board of Education, 2003–2008, <http://www.boardofed.idaho.gov/saa/isatresults.asp> (accessed November 13, 2008).

Child Left Behind Act of 2001 requires states to have all students performing at the proficient level in reading and math by the year 2014. Exhibit 2.2 shows Idaho's progress toward the 2014 goal.

#### **Stakeholder Perspectives**

In applying the cyclical process to connect funding and student outcomes, states have the freedom to select their own goals and measurements of success. Although Idaho must comply with federal requirements for student achievement, the state can use other internal measures to gauge whether investments in education are providing intended and desired results. Stakeholders throughout the state had opinions about measures that could be useful in gauging student achievement.

Our survey asked stakeholders to select outcomes they thought were best for measuring student achievement in Idaho (see table on next page). They selected graduation rates most often (66 percent) from a list of options. In open-ended responses, stakeholders that selected graduation rates generally felt that graduation was the ultimate goal of public education, indicating that, if students graduated, it meant they passed local and state requirements and received a basic education.

#### **Stakeholder Survey**

More detailed information about survey results is in appendix E.

### Measures Stakeholders Believe Are Best Indicators of K–12 Student Achievement

	<u>Percent</u>
Graduation rates	65.5%
Scores on Idaho's standardized tests (ISAT) for math and reading	49.6
Scores on college entrance exams	47.2
Percentage of Idaho students entering college	45.3
Scores on national standardized tests (NAEP) for math and reading	34.3

After graduation rates, 50 percent of respondents indicated that scores on the ISAT would be a good indicator of student achievement. Interestingly, among the stakeholders surveyed, teachers were the least likely to pick state or national standardized testing as a good indicator of student achievement and superintendents were the most likely. Measuring scores on national standardized tests was the least popular indicator selected (34 percent).

In open-ended responses, many stakeholders presented drawbacks to standardized testing including views that tests of this nature simplify and narrow student academic achievement, capture only a single snapshot based largely on how a student feels on test day, and encourage educators to teach to the test. However, stakeholders that supported standardized testing approved of the reliability and validity of standardized testing and appreciated the tests' comparability to other districts and states.

We also examined whether significant differences existed among stakeholders from varying district sizes and stakeholders from urban and rural districts.<sup>5</sup> We found that stakeholders from very large districts were the least likely to select college entrance exams as one of the best indicators of student achievement. There were no significant differences between stakeholders from urban and rural districts and the indicators selected.<sup>6</sup>

Because student achievement can be measured in many ways, we asked stakeholders whether Idaho should consider other ways (outside of graduation rates, standardized test scores, and college entrance rates). A number of stakeholders responded that if the state is going to measure the number of students entering college, it must also measure the number of students that move on to any type of post-secondary education program. Additionally, stakeholders

<sup>5</sup> Districts were divided into five different sizes based on 2007–2008 student enrollments. Very large districts had a student enrollment of 15,000 or more. Large districts had a student enrollment of 5,000 to 14,999. Medium districts had a student enrollment of 1,500 to 4,999. Small districts had a student enrollment of 500 to 1,499. Very small districts had a student enrollment of 1 to 499.

<sup>6</sup> Districts were divided into urban or rural classifications based on the US Census Bureau criteria and as reported by the Idaho Department of Commerce.

presented a number of other options to measure student achievement. The most often cited options were: measuring the growth of the student over time, measuring the “whole child,” conducting post-high school graduation longitudinal studies, and measuring student involvement in extra-curricular activities.<sup>7</sup> Other options stakeholders mentioned included measuring classroom grades or grade point averages, student portfolios, and attendance.

**Strategies to Improve Achievement**

When asked to select the top three strategies to improve student achievement, in general, stakeholders that participated in our survey reported that smaller class size, parental involvement and family outreach, and high quality teachers were the most important. Stakeholders expressed the need for more teachers in order to reduce class size and enable teachers to meet student needs for remediation or enrichment. Stakeholders highlighted the concept of a team approach to educating a child by increasing parental involvement in order to improve student success. Furthermore, stakeholders agreed that high quality teachers are essential and noted that research indicates there is no substitute for a high quality teacher in the classroom.

**Measuring the Whole Child**

“Do our kids solve problems independently, think critically, engage civically, and care about global issues? Can they communicate effectively,...be financially literate, ethically responsible, and intellectually curious?”

Superintendent  
Survey Respondent

**Strategies Most Important to Improve Student Achievement**

	<u>Percent</u>
Smaller class size	56.2%
Parental involvement/family outreach	53.5
High quality teachers	50.9
Extra learning opportunities (afterschool programs, summer school, etc.)	30.6
Full-day kindergarten	30.4
Extended school year	14.4
Preschool	14.3
High school restructuring	13.1
Smaller school size	10.5
Extended school day	7.5

<sup>7</sup> Extra-curricular activities may involve school-sponsored clubs and activities or community involvement.

“If you put high quality teachers together with reasonable numbers of students [and] parents that care about their child’s education, those kids will learn.”

Superintendent  
Survey Respondent

When we examined the stakeholder groups separately, we found significant differences among the groups in the strategies they considered the most important to improve student achievement. Interestingly, all stakeholder groups picked high quality teachers as one of the three most important strategies. Superintendents were the only stakeholder group that did not include smaller class size in their top three strategies. Board members and teachers selected parental involvement and family outreach more often than superintendents and principals. Superintendents and principals selected full-day kindergarten more often than parental involvement and family outreach.

Stakeholders from varying district sizes had significant differences for three of the strategies: extended school day, high school restructuring, and preschool. Stakeholders from large districts were the most likely to select an extended school day, and stakeholders from *very* large districts were the most likely to select preschool. Stakeholders from small districts were the most likely to select high school restructuring. We also found a significant difference between stakeholders from urban and rural districts and the selection of smaller class size as one of the three most important strategies. Urban districts selected smaller class size more often than rural districts.

## Chapter 3

# What Information Should the State Review Before Reexamining Public Education Funding?

*Even though current adequacy studies do not provide a clear solution for how states should fund public education, Idaho has a continuing obligation under the Idaho Constitution to fund a thorough education. Further, under federal mandate, the state is obligated to work toward improving student achievement outcomes. In order to move forward, Idaho needs to assess its present standing, particularly in three areas: (1) how Idaho compares to other states in measures of student achievement, (2) whether the components of and rationale behind the funding formula are still up to date, and (3) whether Idaho's approach to K–12 funding has addressed potential inequities in funding allocations. Understanding where Idaho stands in relation to these elements can help policymakers decide on the importance and urgency of reexamining funding.*

### **Q4 When compared to other states, does Idaho have room to improve student achievement?**

**Answer: Yes.**

*We examined Idaho's student achievement on a national standardized test, college entrance exams, and graduation rates. Of these measures of student achievement, Idaho ranked above 25 or more other states on all but one measure. Whether these scores are reassuring is a matter of interpretation. Nevertheless, the level of student achievement in Idaho has room for improvement. Also, a comparison of our 2005 per pupil spending to that of surrounding and other states indicates that Idaho ranked forty-eighth.*

Several measures of student achievement can be used to compare Idaho to other states. We examined Idaho's standing on four measures of student achievement that are consistently measured across all states. When compared nationally, these measures of student achievement placed Idaho above 25 or more other states, with one exception (see appendix F).

#### **Student Achievement**

The National Assessment of Educational Progress (NAEP) is a test administered to students nationwide in order to report standardized student achievement data on a national level. When compared to Idaho's six surrounding states, Idaho students ranked fourth for fourth and eighth grade reading and math in 2007.

When compared nationally in 2007, Idaho's average student scores for reading ranked twenty-second for fourth grade and twentieth for eighth grade. For the same year, Idaho's average student scores for math ranked twenty-fourth in the nation for fourth grade and twenty-second for eighth grade.

College entrance examination scores provide a different measure of student performance. College-bound high school seniors can take two national standardized tests: the American College Test (ACT) and the Scholastic Aptitude Test (SAT). In 2007, Idaho students ranked fourth among surrounding states on the SAT and last among surrounding states on the ACT. When compared nationally, Idaho ranked twenty-third on the SAT and thirty-second on the ACT.

Graduation rates are another means of understanding Idaho's student achievement in comparison to other states. As reported by the National Center for Education Statistics, 81 percent of Idaho's students who began the eighth grade during the 2000–2001 school year received a high school diploma in the 2004–2005 school year. In that same school year, Idaho was ranked third among surrounding states for the state's graduation rate and thirteenth in the nation.

### ***Per Pupil Spending***

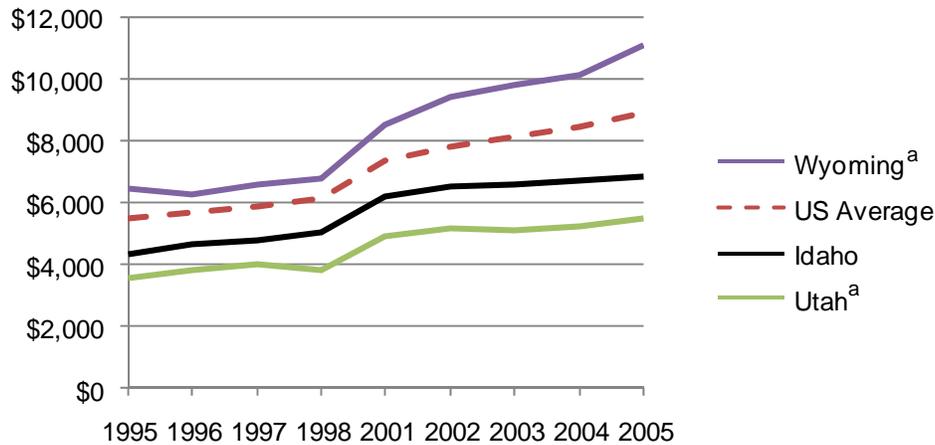
In 1995, Idaho ranked sixth on per pupil expenditures among surrounding states at \$4,305. In 2005, Idaho was still ranked sixth on per pupil expenditures among surrounding states at \$6,867. From 1995 to 2005, Idaho's growth in per pupil expenditures among surrounding states was ranked second, increasing almost 60 percent. In 2005, Idaho's per pupil expenditures placed it forty-eighth, lowest among all states (see exhibit 3.1).

## **Q5 Has there been a major reexamination of Idaho's funding formula to ensure that it is up to date?**

**Answer: No.**

*Idaho's last major funding formula revision took place in 1994 and was based on stakeholders' judgment, with legislative agreement, for how the state could improve education funding. Without conducting a formal adequacy study, Idaho's revisions to the funding formula accomplished some of the things other states have only achieved through formal studies.*

*The passage of time has left the formula in need of attention once again. In many areas, the needs of the educational system in 1994 are different than those that exist today. When adjusted for inflation, trends in education spending indicate that increases in recent years have been small. If increases in state funding do not keep up with inflation, districts may feel pressure to reduce their base budgets or seek supplemental funding.*

**Exhibit 3.1: Per Pupil Spending for Idaho and Selected States, School Years 1995–2005**

Note: Data are not available for 1999 and 2000.

<sup>a</sup> Wyoming and Utah are the highest and lowest in per pupil expenditures among Idaho and its surrounding states.

Source: Office of Performance Evaluations analysis of state education spending data, Education Counts, 1995–2005, <http://www.edcounts.org/createtable> (accessed November 13, 2008).

### **Senate Bill 1560**

In late 1993 and early 1994, a group of public education stakeholders came together to revise the formula because of their observations of disparities among districts. The primary objectives of the revision were to increase teacher salaries, decrease inequities in teacher salaries and per pupil spending, and decrease classroom size.

Senate Bill 1560 contained funding formula revisions that changed the primary distribution of state funds from a per pupil allocation to a mechanism referred to as salary-based apportionment. The new funding formula has a calculation for the number of state funded positions and the amount of state funds provided for those positions. The bill lowered the divisor for elementary school support unit calculations to reduce the class size of some elementary classrooms. It also included new fund categories for technology, curriculum, creating a safe school environment, and teacher supplies. Appendix A describes how the state calculates funding for districts.

Creators of Senate Bill 1560 moved quickly from concept to legislation. In a short amount of time, stakeholders drafted formula revisions and made agreements on how to allocate an infusion of new money.<sup>1</sup> Superintendents

<sup>1</sup> Discussions and meetings to craft the content for Senate Bill 1560 began in December 1993. The bill was passed by the Legislature in March 1994.

involved in the creation of Senate Bill 1560 indicated that, given the speed with which the new formula was put into place, many components were created with the intention that the Legislature would revisit and revise them over time.

**Formula Revisions in Context**

Unlike other states, Idaho did not conduct a formal adequacy study in 1994. However, in many ways, the following process and changes Idaho made to the formula were similar to what has happened in other states that have engaged in formal studies:

<i>Adequacy Studies</i>	<i>Idaho Formula Revision in 1994</i>
Conducted by experts in the field of education.	Revised by a group of education professionals from across Idaho.
Generally recommend an increase in funds.	Increased public education appropriation by \$95.56 million in fiscal year 1995.
Usually result in districts receiving additional funds as a lump sum or phased in over time.	Resulted in each school district receiving a minimum eight percent funding increase. Overall state spending per pupil increased by 16.2 percent from 1994 to 1995.
Tend not to specify how money should be spent programmatically, deferring to local control.	Legislature has not specified how education funds should be spent at the program level, with the exception of particular categorical spending.
Recognize that newly established funding levels should not be eroded over time by inflation.	Overall, state spending on public education has kept up with inflation, as measured by the Consumer Price Index since 1995.

Despite the similarities to formal adequacy studies, a major difference stands out—the modifications of Senate Bill 1560 were not deliberately crafted in an attempt to modify particular student achievement outcomes. This difference meant that increases in funding were not linked to specific educational outcomes the state wished to attain.

**Need for Revision**

Some of the superintendents involved in the creation of Senate Bill 1560 stated that the bill was created to reduce inequities and did so effectively. Although participants in our regional superintendent forums endorsed Senate Bill 1560, participants also held that, because the formula itself has not been revised over time and because circumstances in education have changed, some variations in districts’ per pupil spending have been reestablished.

We found that the Legislature has made many incremental modifications to the formula since 1994, each to address a particular problem. However, the Legislature has not reviewed the formula as a whole since then.

The Legislature gives some detailed attention to public education funding each year through the appropriation process. Overall, state spending on education has increased at a rate slightly above the rate of inflation since 1995. State appropriations for education funding from 1995 to 2007 (adjusted for shifts in fund source and average daily attendance) have provided slightly more money to school districts than they would have received from increases in inflation alone. However, relatively large increases in state funding that occurred in the first half of this period have been followed by small increases and even a decrease in the years 2003 to 2006. These more recent trends in state appropriations may help to explain why stakeholders across the state voiced concerns about education spending keeping up with inflation.

"It is not about inequity, things have changed since 1994...we are stuck with a snapshot of what a school district looked like 14 years ago and Senate Bill 1560 has not been changed to reflect this."

Superintendent  
Forum Participant

To the extent that previous years' state spending increases are built into districts' base budgets, if state spending increases in the following years do not keep pace with inflation, the districts are under pressure to reduce their base budget or pursue supplemental funds.

The Consumer Price Index (CPI) is not necessarily an adequate measure for the increases in the costs of education services (both personnel and non-personnel costs) that have occurred over time. An analysis of education cost drivers in relation to CPI inflation was, however, beyond the scope of this study.

## **Q6 Has Idaho attempted to address issues of equity in its approach to funding?**

**Answer: Yes.**

*As previously discussed, completely separating the issues of equity and adequacy is impossible. An examination of the adequacy of education funding must, to some extent, take into account the equity of funding. An analysis of equity in Idaho's public education finance system revealed that state, local, and federal revenue sources each contribute to differences in per pupil funding among districts; however, local funds contribute the largest share of differences. The 1994 funding formula revisions incorporated several components designed to even out the distribution of funds. However, stakeholders have expressed concerns that modifications to the formula and funding levels over time may have increased disparities once again. Shifts in funding sources (from local to state) may be causing districts to fill unmet needs (inadequacies) by generating local funds, which can create differences in available funds among districts.*

### **Equity Analysis**

Two types of equity can be used to understand whether education funds are distributed fairly among students. Horizontal equity occurs when students who are similar receive similar funding. Vertical equity occurs when students who are different receive appropriately different funding.

In vertical equity, different student groups may require unequal levels of funding to achieve the same goals. In these cases, unequal funding does not result in inequity among students: (1) Inequity can occur when different student groups receive equal funding. For example, an English language learner has different needs than a regular student and may require additional resources to achieve the same outcomes. (2) Inequity can also occur when similar student groups receive unequal funding. For example, a student in a property poor district may be no different from a student in a property wealthy district, but the property poor student receives fewer resources and therefore may be disadvantaged in terms of opportunities for achieving the same outcomes.

A school funding equity analysis examines the variations in funding among districts. The need to examine the distribution of funds among districts stems from the relationship between adequacy and equity. Even if a state has a relatively high level of public education funding, when large variations exist in how the state distributes funds, the result may be inadequate or inequitable funding. Because inadequate or inequitable funding may result when students with similar educational needs, attending different school districts, receive different levels of funding, any examination of school funding adequacy should take the equitable distribution of funds into account.

An equity analysis can help to illuminate issues in a way that allows a state to evaluate and address them. We performed an analysis of equity to determine the extent to which Idaho's district fund levels are comparable. A full description of the analysis and its statistical results are available in a separately published technical appendix.

Statistical tests for analyzing equity are in two standard categories: (1) measuring the variation in the distribution of funds among districts based on the number of students (expenditure equality), and (2) measuring the relationship between district wealth and spending per pupil (fiscal neutrality). Findings generated by these tests have values and limitations:

- Low variation in the distribution of funds among districts is not a guarantee that a state has addressed all equity issues. However, high variation is a concern that merits further evaluation. In some cases, high variation can be a result of a policy chosen to address inequities. For example, a state legislature may deliberately and appropriately provide more money to districts with higher proportions of special needs students.

- A lack of fiscal neutrality means, at a minimum, that students with similar needs but served in different districts have an unacceptable variation in levels of access to educational resources. From the student standpoint, this situation may be inequitable. From the district perspective, this situation may arise when districts attempt to remedy perceived inadequacies in state funding using local funds.

We found that Idaho school districts vary in the total revenue received per pupil and in the amounts received per pupil from local and state sources. In total, and before making any adjustments, this variation exceeds the generally accepted standards for funding equity recommended and used by education funding researchers (see technical appendix, published separately). For example, on an equity index measuring the spread of districts' per pupil funding, the equity index based on *state revenue alone* was .15. This index value is higher than the commonly accepted standard of .10. However, this finding, by itself, does not necessarily demonstrate inequity. Other factors may be important for understanding this variation in the proper context. For example, in Idaho, smaller districts receive a higher state funding per pupil. Increased funding may be a result of the Legislature's intent to promote equal educational outcomes for small districts that must provide the same services as large districts but for fewer students. When we excluded smaller districts from the analysis and considered state funds only, the variation fell within the generally accepted standards.<sup>2</sup>

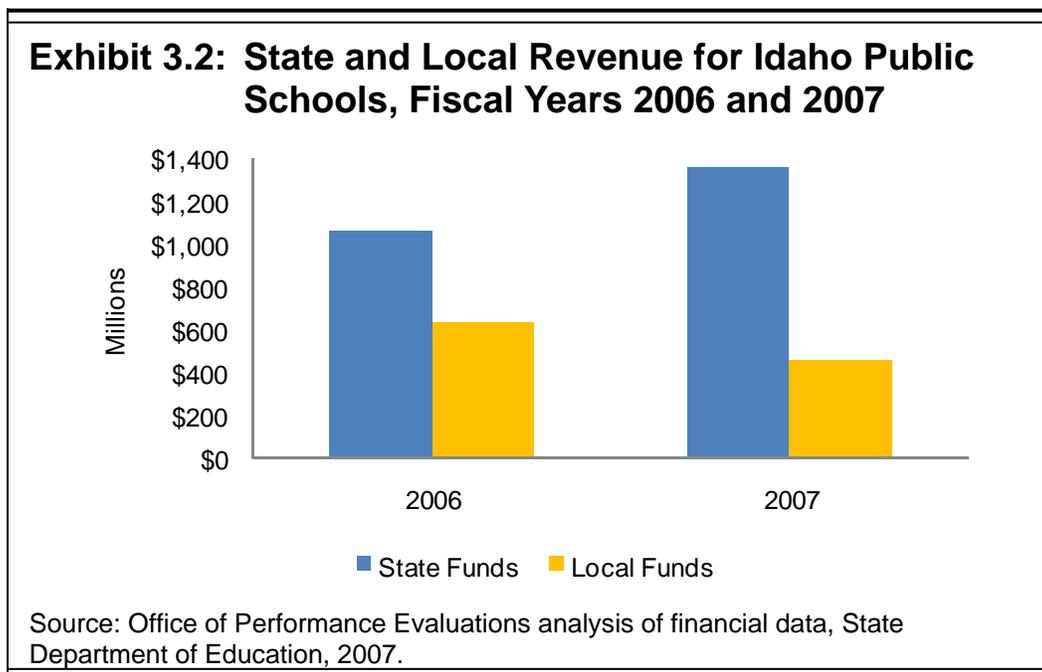
We found little evidence that district size affects the relationship between wealth and funding from state, local, or federal sources. We also found that funding from state sources is virtually unrelated to school district wealth. Property wealthy districts tend to receive the same level of state funding as property poor districts. However, as explained below, wealthier districts tend to receive higher funding from local sources.

### ***Variations in Local Funding***

At the same time that the Legislature passed Senate Bill 1560 in 1994, the Legislature also reduced the ability of localities to generate property taxes for public education by 25 percent. Similarly, in 2006, a special session bill (House Bill 1) removed nearly all local ability to generate property tax contributions for the maintenance and operations of school districts. Instead, the state took on primary responsibility for funding maintenance and operation needs, causing districts to rely more on state funding, regardless of each locality's ability to generate funds. Exhibit 3.2 shows the shift from local to state funding that occurred as a result of 2006 legislation.

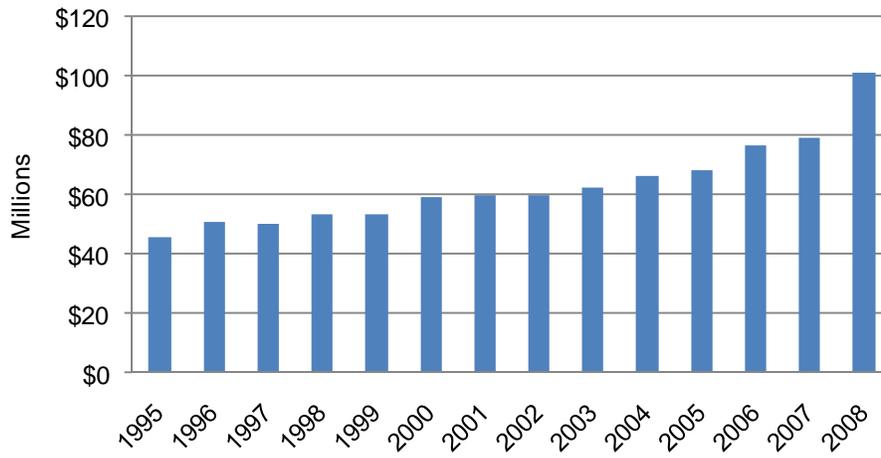
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<sup>2</sup> Districts with fewer than 300 students in average daily attendance were excluded.



We found that some legislative actions that were intended to shift funding from the local level to the state level have potentially contributed to inequity among districts over time. Even with the shift to primarily state funded education, districts retain some ability to generate local money. Appendix G provides information about the different ways districts generate these funds. Supplemental levies are one of the key ways districts generate funds for education. In fiscal year 2008, 60 districts received funds from supplemental levies. Survey respondents and regional superintendent forum participants felt that recent increases in supplemental levies were due to the levels of state funding provided since House Bill 1 in 2006. Supplemental funding can create inequities among districts because children with similar needs but from two different districts may receive different levels of total per pupil dollar support. Exhibit 3.3 shows the total amount of supplemental levy funds generated by localities each year.

**Exhibit 3.3: History of Supplemental Levy Revenue to School Districts, Fiscal Years 1995–2008**



Source: Office of Performance Evaluations analysis of financial data, State Department of Education, 1995–2008.



## Chapter 4

# What Are the Possible Next Steps and Specific Areas to Be Addressed?

*If Idaho chooses to reexamine public education funding, the experience of other states provides broad guidance that could be used for funding public education. Key components of this guidance are general objectives and characteristics that should be present in any state funded program or service. An analysis of Idaho's funding formula, as well as input from education stakeholders, indicates some specific areas that could be addressed to improve education programs and services.*

### **Q7 Does the experience of other states provide guidance on how Idaho can update its funding approach?**

**Answer: Yes.**

*An examination of literature and the work of other states provides funding objectives and distribution characteristics that states can use to their advantage. Idaho's system of public education should be held to the same kinds of standards and to the same degree of accountability as any other governmental program or service.*

#### **Funding Objectives**

Our research pointed to certain broad objectives that all state programs and services should address. The following is a discussion of each objective in the context of education.<sup>1</sup>

**Promote Equity.** To the extent possible, pupils with the same educational needs and challenges should have the same access to programs and services regardless of the district in which they are enrolled.

**Achieve Cost-Effectiveness.** State programs and services should achieve specific outcomes for the least cost or should achieve ideal outcomes for a defined cost.

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<sup>1</sup> Definitions are based on a literature review and include the work of Dr. Jay Chambers, a nationally recognized expert in school finance and education cost analysis.

**Follow Best Practices.** Research points to particular programs and strategies that have the potential for making the best use of state investments.

**Establish Clear Policy Objectives.** State funding policies should establish a set of goals and priorities for the programs and services the education system provides.

**Promote Outcome Accountability.** States should measure student outcomes, monitor student progress, and give school districts the flexibility to continue producing positive outcomes and progress.

***Distribution Characteristics***

Certain characteristics are appropriate for any method a state uses to distribute funds.<sup>2</sup>

**Easy to Understand.** State funding policies should be understandable to all stakeholders, including legislators, state department officials, local administrators, and advocates.

**Transparent.** State funding policies should include straightforward concepts and procedures for implementation.

**Flexible.** In exchange for outcome accountability, school districts should have the flexibility to cost-effectively use resources and address local needs. Additionally, the state should be able to incorporate changes to funding policies with minimum disruption.

**Predictable.** School districts should know their allocations far enough in advance to plan programs and services, and should be able to count on stable funding from the state from year to year.

**Safety Net for Emergency Needs.** State funding policies should have contingency funds to protect from catastrophic costs.

**Q8 Do particular areas of Idaho’s current funding approach need attention?**

**Answer: Yes.**

*Historically, the Legislature created many of the components of Idaho’s current funding formula using a specific rationale. Over time and as circumstances changed, some components of the formula have either diverged from the original rationale, or the original rationale is no longer relevant. Additionally, our*

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<sup>2</sup> Ibid.

*examination of special education funding revealed several areas that may need attention.*

### **Funding Formula Rationale**

Several of the state's funding formula components currently lack a clear funding rationale. In the time that has passed since Senate Bill 1560 revisions, the original rationales used for key pieces of the formula have gone unaddressed or have become overlooked. Participants in our regional superintendent forums reported that various components of the formula have become underfunded over time and expressed the need for the Legislature to update the formula to meet current circumstances in education. Examples are provided below of funding formula provisions that are no longer based on a rationale consistent with stakeholder needs.

Appendix A provides specific information about the role of basic funding formula components and how components interact with one another.

**Staff Allowance.** Staff allowance determines how many staff the state will fund per support unit. Staff allowance was created as a part of the 1994 formula revisions and was based on an assumption that the staffing ratios in place in 1992–1993 were consistent with district needs. Participants in our regional superintendent forums said that they have greater classified staffing needs than what the state funds and that the staff allowance needs to be readjusted, particularly for classified staff.

Stakeholders redesigning the formula in 1994 determined the staff allowance by dividing the number of instructional, classified, and administrative staff in 1992–1993 by the total number of support units generated that year. Since the formula revisions of 1994, the number of staff that the state will fund per support unit has not changed and remains set at 1.1 instructional staff, .075 administrative staff, and .375 classified staff.

**Base Salary.** As a part of the salary-based apportionment calculation, the state multiplies the base salary by the experience and education of a district's instructional and administrative staff to determine what funds the state will provide to each district for salaries. In 1994, when the Legislature first determined the base salary amount, the base salary was set at 80 percent of the 1993 national average teacher salary.

A 1993 study of teacher salaries in Idaho indicated that the average teacher salary from 1970 to 1992 was approximately 80 percent of the national average. For this same time period, the study determined that the salaries of other professionals in Idaho were approximately 85 percent of the national average. Because the state did not have enough money to reach the 85 percent level for teacher salaries, the original base salary set by the Legislature in 1994 was 82 percent of the United States average teacher salary in the previous year. Although the Legislature adjusts the base salary each year, no rationale for yearly adjustments exists in statute.

**Minimum Salary.** The minimum salary is defined in statute as the lowest salary that a district can pay instructional staff. The minimum salary was established eight years after the formula revisions of 1994 and was determined by comparing Idaho’s beginning teacher salary to national levels.

If a teacher’s education and experience level, multiplied by the base salary, falls under the minimum salary, the state pays the district at the minimum salary level for that teacher. Although not required by statute, in order to provide a salary increase from year to year for districts with instructional staff that fall below the minimum salary, the Legislature has to revise the minimum salary each year. The Legislature has increased the minimum salary each year since 2005; however, no statutory provision establishes a rationale for yearly adjustments to the minimum salary.

### ***Special Education***

Appendix A details how districts receive basic funding for special education. In addition to basic special education funds, the state provides some other funding components for districts serving special education students. These other components are described in appendix B. Our examination of Idaho’s approach to funding special education revealed several areas where the state may need to reexamine its method of funding.

**Student Classifications.** Idaho provides an additional allocation to districts that serve a high incidence of students categorized as seriously emotionally disturbed. As a result, the state may have unintentionally created an incentive for districts to classify special education students as seriously emotionally disturbed. Appendix B provides more information on how the number of students classified as seriously emotionally disturbed in Idaho has changed over time.

**Excess Cost.** Special education students cost more to educate than regular students. The difference in cost between educating special education students versus other students is called the excess cost.<sup>3</sup> In order to determine excess cost, states try to isolate the specific costs related to special education students. Idaho’s calculation of the excess cost, as applied to several special education formula calculations, may be imprecise. The state’s method of determining the excess cost is not tied to research on the actual cost of educating special education students, but rather, is merely a calculation based on previous year district spending patterns. The amount of funds the state allocates to districts for special education students may bear little relation to the actual cost of educating those students.

**Exceptional Children.** By statutory definition, exceptional children include both special education students and gifted and talented students. Although

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<sup>3</sup> Appendix B explains the formula for calculating the “excess cost rate” that the state currently uses.

statute implies that exceptional child support unit funding goes to both student groups, administrative rule allocates this funding to only special education programs. Gifted and talented funding comes from a line item in the state's categorical funding appropriation that is for staff training only. A disconnect exists between the statutory definition of exceptional children and the way in which the state distributes funds.

**Exceptional Child Support Units.** The formula used to reimburse districts for exceptional child support units differs from how the state reimburses districts for other students. Districts receive support unit funding for special education students at a rate of 6.0 percent of a district's *total elementary* (K–6) enrollment and 5.5 percent of a district's *total secondary* (7–12) enrollment.

The number of support units a district can generate is determined through the use of a support unit divisor (see appendix A for more detail). The percentage of a district's total enrollment eligible for exceptional child funding is divided by the exceptional child support unit divisor of 14.5 to determine the number of exceptional child support units generated by the district.

Districts receive funds at this level regardless of the actual percentage of special education students in the district. The percentage of special education students enrolled in K–12 public schools in Idaho for the 2007–2008 school year was 10.2 percent.

**Support Unit Divisors.** Calculations of support units for some student groups use lower divisors than others, meaning that the state provides more funds per student when a lower divisor is used. For example, the support unit divisor for special education students is lower than the divisor for most other students because special education students require more resources. No rationale is available for the exceptional child support unit divisor of 14.5. We did not find evidence to determine whether funding at this level covers the additional costs of educating special education students.

Not every school district in Idaho benefits from the special education divisor. The smallest school districts in Idaho generate more support unit funding for their regular students than what they generate for their special education students. This is because, for example, Idaho statute provides an elementary support unit divisor of 12 for regular students in a small district and a support unit divisor of 14.5 for special education students within that same district.

**Safety Net.** Although Idaho has no safety net in place, some states have a safety net to serve high cost disability students. Participants in our regional superintendent forums felt that Idaho has different kinds of special education student needs than in the past. Superintendents observed that special education students have become more complicated, more fragile, and more needy. They felt that the demands placed on districts by the parents of special education students have increased. Superintendents across the state felt that state funding

should reflect the changing needs of special education students. Additionally, superintendents stated that one or two high cost special education students are enough to “break the bank” and noted that Idaho has no state funds available to meet emergency needs for these high cost students.

**Q9 Do Idaho’s K–12 stakeholders have major funding priorities and concerns?**

**Answer: Yes.**

*When surveyed, stakeholders identified their major concerns for K–12 public education funding. Stakeholders from across the state named the funding components of salaries and benefits, technology, classroom supplies and textbooks, and discretionary as their top priorities for adding new dollars. In general, stakeholders felt that these areas were underfunded and needed attention. Stakeholders are particularly concerned that discretionary allocations have not kept pace with the cost of what school districts must pay with those funds. Additionally, some stakeholders expressed their desire for the formula to distribute funds based on enrollment instead of average daily attendance.*

**Stakeholder Preferences for Distributing Funds**

We asked superintendents, principals, and board members to tell us if their preferences for how the state should distribute funds generally matched current funding. Overall, stakeholders were split on this issue: 35 percent disagreed that their preferences matched, 29 percent agreed, and 28 percent were undecided. When examined separately by stakeholder type, significantly more superintendents agreed their preferences matched than did principals and board members. Also, significantly more principals and board members were undecided about whether their preferences matched than superintendents. We did not find significant differences among stakeholders from districts of varying size or stakeholders from urban or rural districts.

	<u>Percent</u>
Strongly agree	1.4%
Agree	28.6
Undecided	27.6
Disagree	35.0
Strongly disagree	7.4

### **Stakeholder Major Funding Priorities**

Stakeholders in Idaho had four major funding priorities for school districts: salaries and benefits, technology, classroom supplies and textbooks, and discretionary dollars. All superintendents, board members, principals, and teachers that participated in our survey gave high priority to salaries and benefits and technology. Interestingly, superintendents and board members shared the priority of adding new dollars to discretionary, whereas principals and teachers shared the priority of adding new dollars to classroom supplies and textbooks.

All stakeholder groups expressed concern over the issue of recruiting and retaining high quality teachers. In general, stakeholders felt that salaries and benefits in Idaho for instructional and classified staff were not competitive with other states and, in some cases, even other districts. Stakeholders also articulated the need for upgrading and maintaining technology and stated that funding has not kept pace with industry changes in technology. Stakeholders felt that the state needs to address funding for technology so that school districts can prepare their students for a twenty-first century environment. Similarly, many stakeholders identified classroom supplies and textbooks as an area of high need for school districts in order to keep up with a rigorous curriculum. Many teachers said they are using out-of-date textbooks.

#### **Most Pressing Areas Stakeholders Identified as Needing Additional Funds**

	<u>All Respondents</u>	<u>Superintendents</u>	<u>Board Members</u>	<u>Principals</u>	<u>Teachers</u>
Salaries and benefits	71.3%	96.6%	54.3%	71.0%	75.8%
Technology	39.4	25.9	37.1	38.1	46.3
Classroom supplies and textbooks	30.6	6.9	31.0	29.0	38.6
Discretionary	25.3	87.9	42.9	23.9	10.9

With respect to the most pressing areas to add funds, we found significant differences among stakeholders from districts of varying size in the following areas: classroom supplies and textbooks, technology, and program adjustments. Stakeholders from very large districts were the least likely to pick classroom supplies and textbooks or technology as areas to add new dollars, and stakeholders from very small districts were the most likely to pick program adjustments as an area to add new dollars. Furthermore, we found significant differences between stakeholders from urban and rural districts for the areas of ISAT remediation and transportation. Stakeholders from urban districts were more likely to pick ISAT remediation as a priority than stakeholders from rural districts, and stakeholders from rural districts were more likely to pick transportation as a priority than stakeholders from urban districts.

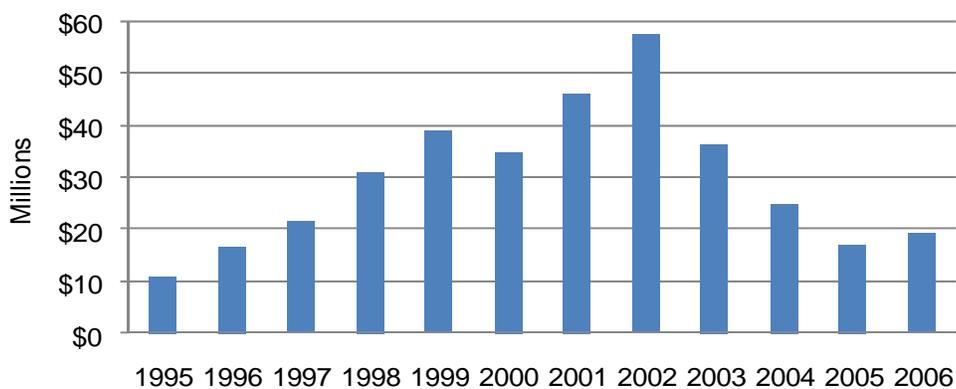
### **Discretionary Funding Concerns**

Senate Bill 1560 created discretionary funding for fixed operational costs and other expenses not covered by specific state reimbursements. The Legislature determines discretionary funding amounts each year. Stakeholders raised concerns that the amount of discretionary funds provided is not enough to cover fixed expenses. Many stakeholders reported that the cost of what school districts must pay with discretionary dollars is increasing faster than the state allocation for those costs, forcing districts to pass and maintain supplemental levies to cover the difference. Superintendents and other stakeholders named the rising costs of health care insurance, utilities, and fuel as top concerns in discretionary funding.

Stakeholders expressed concern about state expectations that school districts will keep up with the fixed costs of operating school buildings without cutting services to students. Many stakeholders believe that the term “discretionary” is a misnomer, as paying for employee health insurance, building utilities, and fuel for transportation is not optional. Nearly 88 percent of superintendent survey respondents indicated that, if given the choice, they would invest new dollars for discretionary purposes.

Many superintendents voiced the concern that the Legislature may not know how school districts use discretionary funds, and therefore may not understand the need for funding increases. In our survey, we asked superintendents to quantify how their districts spent discretionary funds provided by the state. Some superintendents reported having trouble answering this question because the districts spent over and above what the state allocates for these operational costs. For fiscal year 2008, the Legislature included language in an appropriation bill (Senate Bill 1236) requesting that school districts and public charter schools

**Exhibit 4.1: History of Discretionary Funding, Fiscal Years 1995–2006**



Source: Office of Performance Evaluations analysis of financial data, Legislative Services Office, Budget and Policy Analysis, 1995–2006.

report to the Superintendent of Public Instruction their discretionary expenditures for fiscal year 2007. Department of Education staff stated that their guidance to districts on reporting these expenditures was made orally, and districts did not provide reports.

### **Student Count Concerns**

The state allocates funds based on school districts' average daily attendance. However, some stakeholders expressed concerns that a district incurs costs for enrolled students regardless of student attendance and must distribute funds to schools based on projected enrollment, not attendance.<sup>4</sup> These stakeholders, who support funding school districts by student enrollment, argued that districts with the lowest average daily attendance are not necessarily the smallest districts, but rather, are districts with larger numbers of at-risk students more likely to be absent from school and needing additional funding the most.

## **Specific Areas to Reexamine**

*Modifying the specifics of the funding approach in order to address emerging issues is appropriate and necessary. Revisiting the overall funding approach is also necessary at least each decade to ensure that the approach remains up to date and is consistent with the state's education funding priorities. The Legislature should consider revisiting and updating its approach to K–12 education funding and work to ensure that all components of the formula are rational and justified. In doing so, Idaho can design its own path, avoiding the over promises and risks associated with other states' adequacy studies, but borrowing good ideas from them. As part of a review of the funding formula, the state could examine some specific areas.*

### **Process for Goal Setting and Funding**

Based on the results of our study, we have identified six key elements for a funding review:

1. Set performance goals that incorporate the characteristics of different student groups (e.g., Limited English Proficiency or special education students) and define how the state will measure performance.
2. Determine which *currently provided* programs or services the state needs to modify in order to help students reach performance goals. Determine what programs or services that the state does *not currently provide* but needs in order to help students reach performance goals.

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<sup>4</sup> For example, a district with an average daily attendance of only 90 percent still incurs costs for the ten percent of students that, on average, are absent from school.

3. Determine the needed state investment to provide or modify programs or services in a cost-effective manner and then implement.
4. Measure success of implemented programs and compare to original performance goals.
5. Identify what has worked and what has not worked, then modify programs or services and investments as necessary.
6. Periodically reexamine the goals and begin the cycle again.

**Objectives and Characteristics**

In the case of any state funded program or service, specific objectives and characteristics guide effective funding and operation.

Objectives	
Promote equity	Establish clear policy objectives
Achieve cost-effectiveness	Promote outcome accountability
Follow best practices	
Characteristics	
Easy to understand	Predictable
Transparent	Safety net for emergency needs
Flexible	

**Areas for Further Review**

In addition to using a cyclical process to review Idaho’s approach to funding, as well as ensuring that the approach conforms to the general objectives and characteristics, the Legislature should consider specifically evaluating several key areas:

- Review components of teacher salary reimbursement and school districts' challenges in recruiting and retaining qualified teachers
- Conduct a study to determine which fixed costs school districts pay with discretionary funding
- Identify best practices and review Idaho’s approach to special education funding. The review could address the following specific issues within the state’s current method:
  - Disconnect between the statutory definition of exceptional children and the state’s distribution of funds

- The exceptional child support unit divisor benefit to small districts in the state
- Percentage of students provided exceptional child support unit funds versus the actual percent of special education students in the state
- The excess cost of educating a special education student versus a regular student
- Significant growth in the number of students classified as seriously emotionally disturbed
- Contingency fund or safety net for high cost special education students



# Appendix A

## Idaho's Basic Funding Formula

The State of Idaho funds school districts for many of the costs associated with public education. This funding is done through a series of formulas, mandates, and appropriations determined by the Legislature and outlined in statute and administrative rule. Many nuances exist in how the state allocates funds to districts. This appendix focuses specifically on the most basic components of Idaho's public education funding formula (excluding facility and transportation components).

### Basic Funding

State funding for basic public education in Idaho can be divided into three primary components: salaries and benefits, discretionary funds, and funds dedicated by category. Salaries and benefits comprise the largest portion of state funds, followed by discretionary funds. Most of the decisions for the amount of funding allocated by the state are determined each year in legislative appropriation bills, and the State Department of Education distributes those funds. Idaho Code and administrative rule provides a significant amount of guidance for how the state distributes education funds. This appendix was written primarily using information provided in Idaho Code § 33-10, -20, and -52.

### Salaries and Benefits

Idaho pays salaries and benefits to three types of public education employees: instructional, administrative, and classified. In the significant funding formula revisions of 1994, Idaho began to allocate salaries and benefits to public education employees using a system called salary-based apportionment. The calculation of salary-based apportionment involves three primary components: support units, staff allowance, and salaries.

#### Support Units

Basic state funding in Idaho begins with a calculation of support units. Each district generates support units based on the average number of students attending class. Idaho

One **support unit** is an approximation of the amount of salary and benefits needed to fund the staff necessary for one classroom.

statute indicates that the necessary ratio of staff to students varies by grade level, special student needs, and average daily attendance. To address the needs of different student groups in districts of varying sizes, the state bases basic funding calculations on the following qualified student groups: kindergarten, elementary, secondary, exceptional education, and alternative school secondary. The state allocates support units in a way that funds larger class sizes at the secondary level and smaller class sizes at the elementary level. Additionally, more funding is provided to fewer students in the case of exceptional students and students in alternative schools or programs.

Average daily attendance of qualified student group	/	Divisor	=	Number of support units generated by qualified student group
<i>Example</i>				
200 elementary students	/	20	=	10 support units

The illustration above shows how the state calculates support units. Once the average daily attendance of each qualified student group is known, a divisor is used to determine the total number of support units needed. Idaho statute dictates the divisors to be applied based on each of the five qualified student groups (see exhibit A.1). Elementary and secondary student groups have more than one applicable divisor. For these two groups, statute determines the divisor to be used based on the average daily attendance of elementary or secondary students in the district. In general, statute assigns districts with low average daily attendance a lower divisor and districts with high average daily attendance a higher divisor. In all cases, except for that of exceptional children, the average daily attendance of each qualified student group is divided by the statutorily-defined divisor for the total number of support units generated by the district.<sup>1</sup>

<b>Exhibit A.1: Support Unit Divisors by Qualified Student Group</b>	
<b>Group</b>	<u>Divisor(s)</u>
Kindergarten <sup>a</sup>	40
Elementary	12 to 20
Secondary	12 to 18.5
Exceptional education	14.5
Alternative school secondary	12

<sup>a</sup> Half-day kindergarten only.

Source: Office of Performance Evaluations analysis of Idaho Code § 33-1002.

<sup>1</sup> Idaho statute has identified a minimum number of support units that each qualified student group can earn for a district. If a district generates fewer support units than the minimum, the number of support units is increased to the minimum amount.

### Exceptional Education Support Unit Calculation

The formula used to fund districts for exceptional child support units differs from funding for kindergarten, elementary, secondary, and alternative secondary students. Idaho calculates funding for exceptional child support units using a district's total student enrollment instead of the average daily attendance of students. Districts receive funding for exceptional children at 6.0 percent of *total elementary* enrollment and 5.5 percent of *total secondary* enrollment. The following steps outline the process for calculating support units for exceptional children:<sup>2</sup>

1. After subtracting residential facility students, elementary (K–6) district fall enrollment is multiplied by 6.0 percent and secondary (7–12) district fall enrollment is multiplied by 5.5 percent. Residential facility and juvenile detention facility students are added to the result to obtain the total number of exceptional children in the district eligible for state funding.<sup>3</sup>
2. The district's total number of exceptional children eligible for state funding is divided by the exceptional child support unit divisor of 14.5 to determine the number of exceptional child support units generated by the district.
3. The number of exceptional child support units generated by the district is added to the district's total number of support units generated by the basic formula.

**Exceptional children** are those with disabilities and gifted and talented children. Statute indicates that students in residential facilities and juvenile detention facilities are also considered part of education for exceptional children.

The illustration on the next page show how the state calculates exceptional education support units. An overview of other unique components of Idaho's special education funding is in appendix B.

<sup>2</sup> Some of the following information was taken from Idaho Administrative Rule 08.02.01.400.

<sup>3</sup> Residential facility students are students living in any private or public rehabilitation center, hospital, corporation, or state agency that receive educational services. Juvenile detention facility students are any juvenile offenders under age 21 who are housed in a juvenile detention facility because of a court order and who receive their educational services in that facility.

**Step 1**

District fall enrollment (minus residential facility students)	X	6.0% (for K-6) 5.5% (for 7-12)	+	Total number of residential and juvenile detention facility students	=	District exceptional child population eligible for state funding
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*Elementary students*

500 - 5 = 495	X	6.0%	+	10	=	39.7 students
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**Step 2**

District exceptional child population eligible for state funding	/	Exceptional child support unit divisor	=	Number of exceptional child support units
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39.7	/	14.5	=	2.74
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**Charter School Funding**

The state calculates support units for charter schools based on the average daily attendance of the individual charter school, not on the average daily attendance of the district in which the charter school resides. Charter schools with an average daily attendance of fewer than one hundred secondary students use a divisor of 12 to calculate their support units. All other charter schools use the same divisors that a district would use based on qualified student groups.

Idaho uses **staff allowance** to determine how many instructional, administrative, and classified staff the state will fund per support unit.

**Staff Allowance**

While support units determine how many of a district's classrooms the state will fund, the staff allowance determines how many staff the state will fund. One support unit generates state funds for the average salaries and benefits of 1.1 instructional staff, .375 classified staff, and .075 administrative staff. These three ratios are known as staff allowance.

To calculate the number of staff needed by each district, the department multiplies each district's support units by the staff allowance. For example, a district with an average daily attendance that generates 10 support units would receive funding for 11 teachers, 3.75 classified staff, and .75 administrative staff.

## Salaries

The state calculates salaries for instructional and administrative staff based on staff levels of education and experience. Idaho determines salaries for classified staff based on a flat rate that the Legislature determines each year.<sup>4</sup>

### Calculating Instructional Salaries

In general, the definition of instructional staff refers to certified teachers. The state allocates funding to districts for instructional staff salaries based on the average salary of all instructional staff in each district. The process is broken into three steps.

Idaho uses an index to identify how much the state will fund districts for certified instructional and administrative staff.

**Step One.** The state bases a district’s funding for salaries on the average experience and education levels of all certified instructional staff in the district. To determine the average experience and education of a district’s instructional staff, an experience and education factor is determined for each instructional staff using an index. The experience and education factors for all staff in the district are added together and the total is divided by the number of staff for the district’s average experience and education factor. The resulting average experience and education factor becomes a part of the overall formula used to determine salary allocation for the district.

The index identifies the increases in state funding generated by instructional and administrative staff based on their years of experience and their level of education.

### Exhibit A.2: Calculating a District’s Education and Experience Factor from the Index Values of Its Instructional Staff

#### Example of a Fictional District with Four Instructional Staff

	Index Value (from table on next page)
1. Staff with BA and no experience	1.0000
2. Staff with MA plus 12 credits, 5 years experience	1.3929
3. Staff with BA plus 12 credits, 12 years experience	1.4993
4. Staff with BA plus 65 credits, 12 years experience	<u>1.8698</u>
Total of index values	5.7620

*Exhibit continued on next page*

<sup>4</sup> The salary allocations provided from the state to the districts for each type of staff are not necessarily the rates actually paid by districts. Aside from ensuring that all teachers make at least the minimum salary required by statute, districts are not required to pay staff what the state allocates for any particular position. Districts that have negotiated to pay staff more than what the state funds must do so out of locally generated funds or state discretionary funds.

*Exhibit A.2—continued*

District's Average Instructional Experience and Education Factor  
(5.7620 / 4 staff) = **1.4405**

**Index Value Table**

*Established in statute for instructional and administrative staff  
by years of experience and level of education*

	BA	BA Plus 12 Credits	BA Plus 24 Credits	MA or BA Plus 36 Credits	MA Plus 12 Credits or BA Plus 48 Credits	MA Plus 24 Credits or BA Plus 60 Credits	MA Plus 36 Credits or Ed.D/Ph.D.
0	1.0000	1.0375	1.0764	1.1168	1.1587	1.2022	1.2473
1 year	1.0375	1.0764	1.1168	1.1587	1.2022	1.2473	1.2941
2 years	1.0764	1.1168	1.1587	1.2022	1.2473	1.2941	1.3426
3 years	1.1168	1.1587	1.2022	1.2473	1.2941	1.3426	1.3929
4 years	1.1587	1.2022	1.2473	1.2941	1.3426	1.3929	1.4451
5 years	1.2022	1.2473	1.2941	1.3426	1.3929	1.4451	1.4993
6 years	1.2473	1.2941	1.3426	1.3929	1.4451	1.4993	1.5555
7 years	1.2941	1.3426	1.3929	1.4451	1.4993	1.5555	1.6138
8 years	1.3426	1.3929	1.4451	1.4993	1.5555	1.6138	1.6743
9 years	1.3929	1.4451	1.4993	1.5555	1.6138	1.6743	1.7371
10 years	1.3929	1.4993	1.5555	1.6138	1.6743	1.7371	1.8022
11 years	1.3929	1.4993	1.5555	1.6138	1.7371	1.8022	1.8698
12 years	1.3929	1.4993	1.5555	1.6138	1.7371	1.8698	1.9399
13+ years	1.3929	1.4993	1.5555	1.6138	1.7371	1.8698	2.0126

Note: Funding for salaries is calculated by multiplying the experience and education factor by the base salary. Based on the 2009 appropriation, each index value above the thick line had a minimum salary threshold, and the difference between base salary and minimum salary was added to the district salary allocation total.

Source: Office of Performance Evaluations analysis of Idaho Code § 33-1004A.

**Step Two.** Once a district’s average experience and education factor has been calculated, it is multiplied by the base salary to get the district’s average instructional staff salary, a key piece in the final calculations of state funding allocations.<sup>5</sup> The base salary is multiplied by each district’s average experience and education factor to determine the district’s average teacher salary allocation. In fiscal year 2009, the base salary was \$25,231 (chapter 4 explains how the base salary is determined).

Average of all instructional staff education and experience factor	X	Base salary	=	District’s average instructional salary
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*Example*

1.4405	X	\$25,231	=	\$36,345
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**Step Three.** To determine the total state allocation to the district, the state multiplies the average teacher salary by the number of state funded classrooms in the district (support units) and the number of teachers funded in each classroom (staff allowance).

District’s average teacher salary	X	Support units	X	Staff allowance	=	Total district instructional salary allocation
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*Example*

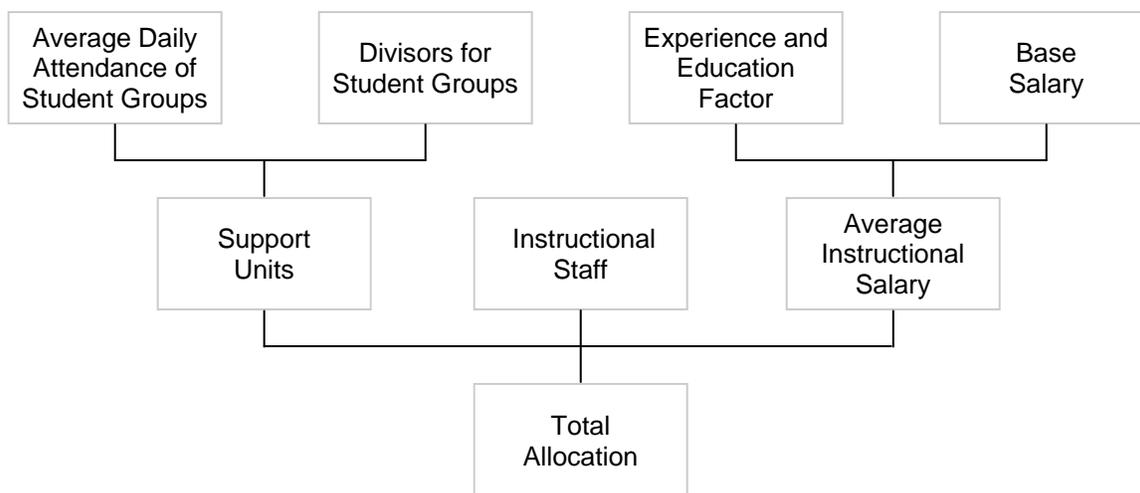
\$34,748	X	10	X	1.1	=	\$382,228
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### Administrators

The state funds administrators in a manner similar to the calculation used for instructional staff. In general, the administrator classification is given to certified superintendents and principals. The average of all administrative experience and education in a district is placed on an index. The resulting average is then multiplied by the state’s base administrative salary (\$36,532 in fiscal year 2009), the number of support units generated by the district, and the number of administrative staff allowed per support unit (.075).

<sup>5</sup> Some teachers’ individual experience and education, if multiplied by the base salary, would place them in a low salary category. The state has determined that no teacher should make less than a statutorily-defined “minimum salary.” For those teachers whose individual experience and education, when multiplied by the base salary, earn them salaries below the state’s minimum salary (\$31,750 in fiscal year 2009), the state will allocate funding to the teacher’s district to make up the difference between the individual teacher’s salary (as determined by the teacher’s particular level of experience and education) and the statutorily-defined minimum salary.

### Exhibit A.3: Funding Formula Steps to Calculate the Instructional Staff Allocation for a District



Source: Office of Performance Evaluations analysis of the funding formula.

#### Classified Staff

Classified staff are generally non-certificated staff and include: office support personnel, instructional assistants, business managers, maintenance personnel, food service personnel, transportation personnel, and technology personnel. The state funds classified staff at a flat amount determined by the Legislature each year. The salaries are calculated by multiplying the flat funding amount (\$20,376 in fiscal year 2009), the number of support units generated by the district, and the number of classified staff allowed per support unit (.375).

#### Calculating Benefits

Employee benefits, paid directly by the state, include the employer share of the Public Employee Retirement System of Idaho, Social Security, and the cost of unemployment insurance premiums. Once a district's total salary funding has been determined, that amount is multiplied by a percentage to determine the state allocation for staff benefits. In fiscal year 2009, that amount was 18.04 percent.

Categorical funds are funds intended for specific purposes and are set aside from salary and benefit funds and discretionary funds.

#### Categorical Funding

Idaho's basic funding formula provides some funds for specific categories. Exhibit A.4 shows the categories that the state has funded since fiscal year 1995. Some of these categorical funds were in place for only a few years and are no longer funded. Idaho allocates categorical funds in a variety of ways. For example, the state allocates funds for

### Exhibit A.4: Categorical Education Funds Appropriated Since Fiscal Year 1995

	<u>Year(s) Appropriated</u>
School innovation/improvement projects	1995–1996 <sup>a</sup>
Innovative teacher grants	1995–2002 <sup>a</sup>
Funding floor/adjustments	1995–2006 <sup>a</sup>
Transportation	1995–present <sup>a</sup>
Border contracts	1995–present <sup>a</sup>
Exceptional contracts/tuition equivalents	1995–present <sup>a</sup>
Program adjustments	1995–present <sup>a</sup>
Gifted and talented	1999–present <sup>a</sup>
Classroom and teacher supplies	1995, 2003, 2008–present <sup>a</sup>
Formula implementation allowance	1995
Basic curriculum	1995
Safe environment	1995–present
Technology	1995–present
Academic improvement	1996
Reading improvement	1996–2001
Limited English Proficiency (LEP)	1996–present
Academic testing	1997–1998
Beginning teacher support/mentor program	1997–2003
Least restrictive environment teacher training	1998–2004
Early retirement program	1997–present
Idaho Safe and Drug-Free Schools	1997–present
Reading committee (interim)	1999
Idaho school facilities study	2000
Teacher incentive award/national board certification	2000–present
Idaho Reading Initiative	2000–present
Achievement standards implementation	2002–2004
Bond levy equalization	2004–present
Idaho Digital Learning Academy	2004–present
School facilities funding	2004–present
Whitepine School District bond interest payment	2005
School facilities maintenance match	2007–present
Textbook allowance	2008–present
Idaho Standards Achievement Test (ISAT) remediation	2008–present
Idaho Math Initiative	2008–present
Agricultural replacement phase-out	2008–present
Safe school study	2008–present
Rural school initiative	2008–present
Development of concurrent credit education	2009
Teacher evaluation task force	2009

<sup>a</sup> Appropriations also occurred prior to fiscal year 1995.

Source: Office of Performance Evaluations analysis of appropriation data, Legislative Services Office, Budget and Policy Analysis, 1995–2009.

classroom supplies based on the number of full time teachers in each district, whereas the state allocates funds for creating safe and drug free schools based on each district's average daily attendance.

## **Discretionary Funding**

In a meeting of stakeholders present at the time of the 1994 funding formula reform, we learned that the state originally intended discretionary funds for two purposes:

1. Fixed costs
2. Costs that the 1994 funding formula reformers were unable to agree upon

Stakeholders indicated that districts still use discretionary funding for regular and recurring costs today, including utilities and staff health insurance. We were unable to quantify how districts use discretionary funds because districts are not required to track or report information on how they spend those funds.

## Appendix B

# Unique Special Education Funding Formula Components

In the 2007–2008 school year, Idaho school districts identified 27,774 students with disabilities. This number represents more than ten percent of total statewide student enrollment. Because of the extra resources needed to educate these special education students, the state provides additional funds. All school districts in Idaho receive exceptional child support unit funding. Districts may also receive funds for special education students through calculations for exceptional child contracts, special education tuition equivalents, and students identified as emotionally disturbed. As a result of providing an additional disbursement to districts serving a high incidence of students classified as emotionally disturbed, the state may have unintentionally created a funding incentive.

As discussed in appendix A, exceptional children include both children with disabilities and gifted and talented children. Exceptional education funds, as they relate to special education students, are discussed in this appendix. This appendix was written primarily using information found in Idaho Code § 33-20, administrative rule pursuant to chapter 20 of Idaho Code, and documentation provided by the State Department of Education.

### Exceptional Child Contracts

School districts and charter schools may contract for the education of exceptional children by a public institution approved by the State Department of Education.<sup>1</sup> Under this contract, the approved public institution provides education for the child and receives payment for services from the district. The state then funds the district using the following formula:

1. The state determines the amount of per pupil support by adding the amount of state educational support from the previous year to the state benefit funding from the previous year.<sup>2</sup>

**State educational support** is the amount of funds the state provides, excluding state benefit funding and transportation allocations.

<sup>1</sup> An example of a public institution approved to provide education of exceptional children is the Northwest Children’s Home.

<sup>2</sup> The state educational support is called the state educational allowance in statute, and the state benefit funding is called the state benefit apportionment.

**State benefit funding** covers costs for the employer's share of retirement and social security.

2. The state divides the per pupil state support by the district's best 28 weeks average daily attendance. This total equals the per pupil district allocation from the state.

## Tuition Equivalents

School districts may also educate exceptional children from another school district. Districts that educate special education students residing in licensed public or private facilities or specialized foster care homes, and whose parents reside in another district, are eligible for funding from the state called a tuition equivalent. A district must meet four criteria to receive a tuition equivalent for a special education student.

- Student's Individual Education Plan must specify three or more hours per day of special education services or a minimum of 15 hours per week
- District must educate the student and report the student on their December 1 special education child count
- Student must be residing in a licensed residential facility on December 1
- Student's parents must be residing in another Idaho school district on December 1

The state calculates the **gross tuition rate** by defining a per student rate based on average daily attendance.<sup>3</sup>

The state calculates tuition equivalents based on a formula that multiplies a district's total special education child count (calculated on December 1) by 42 percent of the previous year's gross tuition rate and then adds to that amount the previous year's excess cost rate. This is a new formula for the 2008–2009 school year.

### **Excess Cost Rate**

As evidenced by the lower support unit divisor that exceptional children receive (see appendix A), the state recognizes that districts and charter schools spend more on educating special education students than regular students. In order to put a dollar figure on this spending, the department estimates the additional district and charter school spending for special education, called the excess cost rate, by the following formula:

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<sup>3</sup> The state calculates the per student rate by: summing a district's general fund expenditures, any interest (such as for bond-indebtedness), and an amount for depreciation; and dividing the sum by the average daily attendance of the district.

1. Adds together three line items from the Idaho Financial Accounting Reporting Management System (IFARMS): the Exceptional Child Program, the Preschool Exceptional Program, and the Special Services Program
2. Divides the total of these three line items by the December 1 special education child count

The excess cost rate used for the 2007–2008 school year was \$6,853 per student. The state uses the excess cost rate in the calculations for special education tuition equivalents and in the additional disbursement for emotionally disturbed students, described in the next section.

## **Additional Disbursement for Emotionally Disturbed Students**

In 1996, House Bill 606 provided emotionally disturbed students an additional state disbursement. Idaho Code states that school district and charter schools serving a high incidence of seriously emotionally disturbed students are eligible for an additional disbursement. The state calculates the additional disbursement provided to districts by the following formula:

1. Multiplies each district’s total enrollment by the state’s average percentage of emotionally disturbed students. For the 2007–08 school year, the average was 0.5012 percent
2. Compares this total to the number of emotionally disturbed students reported on each district’s total December 1 special education child count
3. Disburses to the district the excess cost for the number of emotionally disturbed students above the state average

### ***Growth in Number of Emotionally Disturbed Students***

Because Idaho provides an additional disbursement to districts serving a high incidence of students classified as emotionally disturbed, the state may have unintentionally created a funding incentive. The number of emotionally disturbed students in Idaho has increased each year from 1998 to 2006. As shown in exhibit B.1, the rate of increase exceeded nine percent each year from 1999 to 2003 and exceeded five percent each year from 2004 to 2006. These high annual increases in students classified as emotionally

For the purposes of this report, the term “seriously emotionally disturbed” used in Idaho statute is synonymous with the term “emotionally disturbed” used in the data collection for the federal Individuals with Disabilities Education Act.

### Exhibit B.1: Reported Number of Emotionally Disturbed Students in Idaho, Ages 6–21, School Years 1998–2006

	Emotionally Disturbed	Percentage of Growth Year to Year
1998	660	n/a
1999	753	14.1%
2000	822	9.2
2001	934	13.6
2002	1,070	14.6
2003	1,170	9.3
2004	1,231	5.2
2005	1,304	5.9
2006	1,377	5.6

Source: Office of Performance Evaluations analysis of Part B child count data, US Department of Education, Office of Special Education, 1998–2006, <https://www.ideadata.org/PartBChildCount.asp#top> (accessed November 11, 2008).

disturbed occurred during a period of much slower growth in the overall number of Idaho students with disabilities or the general student population.

The number of Idaho students with disabilities grew only 1.92 percent and the growth in student enrollment grew 9.37 percent from 1998 to 2006. Comparatively, the number of emotionally disturbed students in Idaho grew 108.64 percent and the average in the nation decreased one percent from 1998 to 2006.<sup>4</sup> Idaho's growth in the number of students identified as emotionally disturbed was second in the nation from 1998 to 2006 (see exhibit B.2).

From 1998 to 2006, the number of students identified as emotionally disturbed in Idaho as a percent of *all* disabilities was lower than the same nationwide. However, exhibit B.3 demonstrates that the number of students identified as emotionally disturbed in Idaho as a percent of *total* disabilities in the state grew during this period, while the same statistic in the United States declined.

<sup>4</sup> Exhibit B.1 shows the increase for each year as a percent of the previous year's emotionally disturbed student count. Exhibit B.2 shows the total increase in Idaho's emotionally disturbed student count from 1998 to 2006.

### Exhibit B.2: Growth of Emotionally Disturbed Students in 50 States and Washington DC, Ages 6–21, School Years 1998–2006

	<u>1998</u>	<u>2006</u>	<u>Percentage of Growth 1998–2006</u>
Mississippi	471	1,607	241.2%
<b>Idaho</b>	<b>660</b>	<b>1,377</b>	<b>108.6</b>
Arkansas	433	786	81.5
Arizona	5,331	8,137	52.6
District of Columbia	1,062	1,580	48.8
South Dakota	559	813	45.4
Delaware	611	876	43.4
Oklahoma	3,567	5,026	40.9
Indiana	10,669	14,761	38.4
Ohio	13,709	18,766	36.9
California	20,396	26,984	32.3
Rhode Island	2,205	2,917	32.3
Pennsylvania	19,538	25,819	32.2
Nevada	1,556	2,044	31.4
North Dakota	900	1,086	20.7
Vermont	1,855	2,102	13.3
Oregon	4,116	4,662	13.3
Tennessee	3,400	3,829	12.6
New Hampshire	2,241	2,513	12.1
Maryland	8,298	8,806	6.1
Kentucky	5,472	5,788	5.8
Massachusetts	13,240	13,730	3.7
Wisconsin	15,845	15,940	0.6
<b>50 States and DC</b>	<b>461,864</b>	<b>457,328</b>	<b>-1.0</b>
Michigan	18,205	18,022	-1.0
Georgia	22,593	22,287	-1.4
Texas	35,878	35,277	-1.7
Illinois	29,530	28,027	-5.1
Wyoming	954	905	-5.1
Minnesota	17,677	16,706	-5.5
Colorado	8,664	8,129	-6.2
Washington	5,056	4,741	-6.2
West Virginia	2,190	2,190	-7.7
Florida	36,326	33,295	-8.3
North Carolina	9,966	9,120	-8.5
New Jersey	12,848	11,580	-9.9

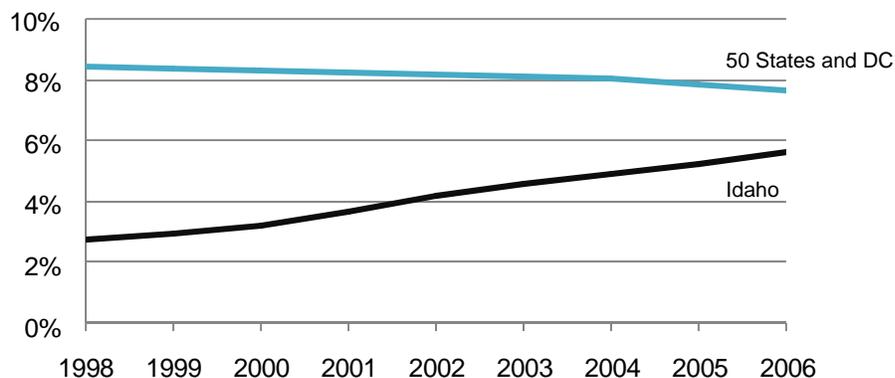
Exhibit continued on next page

*Exhibit B.2—continued*

	<u>1998</u>	<u>2006</u>	<u>Percentage of Growth 1998–2006</u>
Virginia	12,722	11,448	-10.0%
Alaska	813	726	-10.7
Montana	1,066	948	-11.1
New York	45,418	38,595	-15.0
Missouri	9,649	8,170	-15.3
South Carolina	5,959	4,703	-21.1
Hawaii	2,593	2,004	-22.7
Nebraska	2,932	2,230	-23.9
Kansas	4,456	3,365	-24.5
Maine	4,008	3,020	-24.7
Connecticut	7,980	5,857	-26.6
New Mexico	3,368	2,420	-28.1
Iowa	9,383	6,513	-30.6
Utah	4,143	2,545	-38.6
Louisiana	5,698	2,865	-49.7
Alabama	5,655	1,860	-67.1

Source: Office of Performance Evaluations analysis of Part B child count data, US Department of Education, Office of Special Education, 1998–2006, <https://www.ideadata.org/PartBChildCount.asp#top> (accessed November 11, 2008).

**Exhibit B.3: Emotionally Disturbed Students As a Percentage of Total Disabilities in Idaho and in 50 States and Washington DC, Ages 6–21, School Years 1998–2006**



Source: Office of Performance Evaluations analysis of Part B child count data, US Department of Education, Office of Special Education, 1998–2006, <https://www.ideadata.org/PartBChildCount.asp#top> (accessed November 11, 2008).

## **Appendix C**

# **Major Events in Litigation of State Public Education Funding in Idaho**

The following timeline references major events that have taken place in Idaho on public education funding litigation since 1976. Two groups of plaintiffs filed lawsuits in 1990 regarding Idaho’s approach to funding public education. The Idaho Schools for Equal Educational Opportunity (ISEEO) and Frazier lawsuits claimed that the method and level of school funding was inadequate. The Frazier plaintiffs dropped their lawsuit in 1994 after the Legislature enacted key funding formula revisions; the ISSEO lawsuit continued. Most recently, the ISSEO plaintiffs filed a federal suit against the Idaho Supreme Court for failing to provide a remedy to the case. A federal judge dismissed the suit.

### **1976**

*Thompson v. Engelking* – Idaho Supreme Court rejected claim that the state’s school finance system violated the Equal Protection and Uniformity provisions of state and federal law.

### **1990**

*ISEEO Complaint*<sup>1</sup> – Plaintiffs claimed that the method and level of school funding was inadequate to provide the “uniform” and “thorough” education required by the Idaho Constitution.<sup>2</sup>

*Frazier Complaint*<sup>3</sup> – Plaintiffs filed a suit that made equity claims on behalf of property poor school districts.

### **1992**

*Frazier and ISSEO Lawsuits* – District Court dismissed both complaints; both plaintiff groups appealed.

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<sup>1</sup> ISEEO plaintiffs were an organization of school superintendents. They were joined by 26 school districts and 25 families from within those school districts.

<sup>2</sup> IDAHO CONST. art. IX, § 1.

<sup>3</sup> Frazier plaintiffs were a group of 19 school districts and four families from within those districts.

### **1993**

*ISEEO I* – Idaho Supreme Court held that existing State Board of Education rules for school facilities, textbooks and curriculum, and transportation systems were consistent with the Idaho Constitution; reaffirmed *Thompson v. Engelking* ruling; and remanded the case to District Court to determine whether the system of funding provided resources called for in rules.

### **1994**

Legislature – Lawmakers passed major revisions to the school funding formula to take effect in fiscal year 1995 (Senate Bill 1560 as amended).

Legislature – Lawmakers defined “thorough” for public education (Senate Bill 1291) and directed the State Board of Education to adopt rules implementing the definition.

*Frazier Lawsuit* – Plaintiffs dropped suit following passage of Senate Bill 1560.

*ISEEO I* – District Court declared lawsuit moot because Legislature redesigned the funding formula and redefined a “thorough” education.

### **1996–1997**

*ISEEO II* – Idaho Supreme Court reversed District Court decision that the suit was moot, saying an unresolved question remained whether students were provided a “thorough” education; returned case to District Court.

*ISEEO* – Plaintiffs made decision in District Court to focus exclusively on facilities issues and to drop other issues from their case.

### **1998–1999**

*ISEEO III* – Idaho Supreme Court ruled that statutory requirement of “a safe environment conducive to learning” was consistent with the thoroughness requirement of the Idaho Constitution; returned case to District Court to determine whether funding system provided a safe environment conducive to learning.

### **2001**

*ISEEO III* – District Court concluded that the system of school funding was constitutionally deficient in its ability to repair or replace dangerous or unsafe conditions in school buildings.

## 2003

Legislature – Lawmakers passed law that imposed restrictions on lawsuits related to school funding (House Bill 403).

*ISEEO IV* – District Court ruled new law (House Bill 403) unconstitutional; Idaho Supreme Court affirmed and the state appealed.

## 2005

*ISEEO V* – Idaho Supreme Court affirmed District Court’s conclusion that “the current school funding system is simply not sufficient to carry out the Legislature’s duty under the Constitution” based on recorded evidence documenting facility and funding problems.

*ISEEO V* – Idaho Supreme Court did not set a deadline for Legislature to modify school funding system, but provided several examples of what other states have done to remedy similar funding-related situations.

## 2006

Idaho Supreme Court – Justices informed attorneys for both sides that the case was over.

## 2007

*ISEEO* – Plaintiffs sued the Idaho Supreme Court Justices, retired Justices, and Justices Pro Tem who participated in the 2003 *ISEEO IV* appeal in federal court; demanded the Idaho Supreme Court order a remedy for the 2005 case.

## 2008

US District Court – Judge dismissed federal *ISEEO* suit (2007) based on jurisdictional grounds, but indicated a violation of the 14<sup>th</sup> Amendment to the US Constitution (denial of a right to obtain a remedy) may exist.



## **Appendix D**

# **Standard Adequacy Study Methodologies**

States that have undergone adequacy studies to define and estimate the cost of an adequate education have primarily done so through the use of one of five standard methodologies.

### ***High-Performing Districts***

The high-performing districts methodology identifies those districts that are currently meeting desired or mandated goals. It determines how much high-performing districts spend per pupil and calculates an average cost per pupil (after omitting special needs students and programs).<sup>1</sup> The cost of special needs students and programs for each district is calculated based on the proportions of special needs students.

#### **Advantages**

- Easy to understand
- Ties spending per student to student achievement
- Can be inexpensive to undertake
- May have elements of cost-effectiveness if some of the high-performing districts have relatively lower costs
- Provides some elements of accountability for districts with a prescribed funding amount to meet the same standards as high-performing districts

#### **Disadvantages**

- May have different mix of students and programs in high-performing districts that makes funding, program, and outcome comparisons difficult
- May have the illogical result of providing additional funds to already high performing districts
- May have large impact on estimated funding needs based on choice of standards to achieve (either mandated or desired)

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<sup>1</sup> May omit extreme outliers; for example, a district spending well above what other districts spend per pupil.

## ***Professional Judgment***

The professional judgment methodology uses a panel of education professionals to identify resources needed to meet desired or mandated goals for an average school.<sup>2</sup> The panel may include estimates of resources for special needs students.

### **Advantages**

- Easy to understand
- Takes advantage of expertise and experience within the state and applies it to determining program costs
- Can achieve buy-in from education professionals most affected by funding decisions

### **Disadvantages**

- May lack precision
- May not be based on evidence from research
- May reflect current programs and practices that are not cost-effective
- May produce widely different results if the state uses subsequent panels in the future made up of different people
- May violate a basic test of validity because results may not be repeatable
- May introduce certain biases and be considered an educators' wish list
- May have large impact on estimated funding needs depending on choice of standards (either mandated or desired)

## ***Evidence Based***

The evidence based methodology convenes a panel of professionals similar to professional judgment, but the panel is made up of educational expert consultants. These expert consultants use evidence from research to estimate resources needed to meet desired or mandated goals.

### **Advantages**

- Easy to understand
- Directly links estimates of cost to existing research

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<sup>2</sup> Members of the panel may include education professionals like superintendents, principals, teachers, and school district business managers.

#### Disadvantages

- May be possible to dispute researched evidence that lacks consensus
- May introduce programs not in use in the state or school districts, or introduce new programs that may not be readily transferrable to the state or school districts
- May not receive same buy-in as professional judgment approach
- May have large impact on estimated funding needs depending on choice of standards (either mandated or desired)

### ***Econometric Analysis***

The econometric analysis methodology uses detailed school expenditure data to analyze statistical relationships between spending and levels of student achievement. The results are used to estimate what changes in spending are likely to achieve specified levels of student achievement.

#### Advantages

- Uses precise statistical tests
- Controls for district and student variations
- Provides precise cost estimates for achieving specified levels of student achievement

#### Disadvantages

- May have issues with data availability and reliability because analysis relies on very detailed, comparable information about students and spending
- May be difficult for lay people and even educational professionals to understand
- May have large impact on estimated funding needs depending on choice of standards (either mandated or desired)

### ***Legislative Cost Analysis***

The legislative cost analysis methodology convenes a panel of legislative members and staff similar to professional judgment to identify resources needed to meet desired or mandated goals.

#### Advantages

- Provides link between education funding and recognition of other legislative priorities and constraints
- Can be relatively easy to perform
- Can be inexpensive to undertake

- Legislative members and staff may have extensive experience with the budget process and education issues

#### Disadvantages

- May lack precision
- May not be based on evidence from research
- May reflect current programs and practices that are not cost-effective
- May produce widely different results if the state uses subsequent panels in the future made up of different people
- May violate a basic test for validity because results may not be repeatable
- May lack buy-in of in-state education professionals
- May lack credibility because it is a legislative process that considers budgetary constraints and possible political trade-offs
- May have large impact on estimated funding needs depending on choice of standards (either mandated or desired)

## **Appendix E**

# **Stakeholder Survey Responses**

Results from our web-based survey of Idaho education stakeholders are in the following tables. We tried to survey all superintendents, board members, and principals in the state, but for various reasons, such as difficulties obtaining e-mail addresses, we were unable to reach all identified stakeholders. In total, we surveyed 1,086 superintendents, board members, and principals. We also surveyed a random sample of 1,414 teachers. A total of 568 stakeholders completed the survey: 58 superintendents, 71 board members, 154 principals, and 285 teachers. Survey respondents represented all six educational regions and all district sizes; they also represented urban and rural districts almost equally.

The purpose of the survey was to identify issues relating to the adequacy of public education funding from the stakeholders' perspective. We designed the survey to elicit feedback for stakeholder perceptions of how the current funding formula allocates funds to districts and any strengths or weaknesses of that approach. The Department of Education, the Idaho Association of School Administrators, the Idaho School Boards Association, and the Idaho Education Association had the opportunity to pilot test the survey before distribution.

The survey results are summarized in the following tables in six areas: (1) familiarity with the rationale behind the design of the funding formula, (2) understanding of the funding formula, (3) preferences and priorities for distributing funds, (4) opinions about measures of student achievement and strategies to improve it, (5) principals' perceived level of control over expenditures of funds, and (6) principals' satisfaction with their level of control over allocating funds.

**Table 1: Stakeholder Familiarity with the Rationale Behind the Design of the Education Funding Formula**

I am familiar with the rationale behind the design of Idaho's public education funding formula.

<b>Results by Stakeholders</b>	All Respondents (N=283)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)
Strongly agree	11.7%	29.3%	9.9%	5.8%
Agree	55.1	58.6	52.1	55.2
Undecided	17.7	3.4	21.1	21.4
Disagree	12.0	3.4	14.1	14.3
Strongly disagree	3.5	5.2	2.8	3.2

<b>Results by District Size</b>	Very Small (n=69)	Small (n=71)	Medium (n=78)	Large (n=38)	Very Large (n=27)
Strongly agree	14.5%	14.1%	12.8%	2.6%	7.4%
Agree	49.3	50.7	61.5	57.9	59.3
Undecided	20.3	19.7	15.4	15.8	14.8
Disagree	13.0	11.3	7.7	18.4	14.8
Strongly disagree	2.9	4.2	2.6	5.3	3.7

<b>Results by Urban and Rural</b>	Urban (n=137)	Rural (n=146)
Strongly agree	10.9%	12.3%
Agree	56.9	53.4
Undecided	17.5	17.8
Disagree	10.9	13.0
Strongly disagree	3.6	3.4

**Table 2: Stakeholder Understanding of the Education Funding Formula**

I understand how the following components of the funding formula are calculated for allocating state funds to individual school districts. (Check all that apply.)

<b>Results by Stakeholders</b>	All Respondents (N=283)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)
Salaries and benefits	85.2%	96.6%	84.5%	81.2%
ISAT remediation	53.7	89.7	49.3	42.2

Table continued on next page

## Appendix E, Table 2—continued

**Results by Stakeholders—continued**

	All Respondents (N=283)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)
Discretionary	50.9%	87.9%	52.1%	36.4%
Early Retirement Program	33.9	65.5	28.2	24.7
Transportation	67.5	93.1	71.8	55.8
Idaho Digital Learning Academy	33.9	63.8	36.6	21.4
Facilities <sup>a</sup>	54.4	87.9	62.0	38.3
Agricultural replacement phase-out	29.0	77.6	29.6	10.4
Classroom/textbooks	66.4	94.8	64.8	56.5
Border contracts	22.3	53.4	23.9	9.7
Technology	53.7	86.2	56.3	40.3
Gifted and talented	51.9	87.9	52.1	38.3
Idaho Safe and Drug Free Schools	58.3	87.9	46.5	52.6
Program adjustments	16.6	44.8	14.1	7.1
Reading/math initiatives	45.9	77.6	47.9	33.1
Department of Education studies	20.1	37.9	23.9	11.7
Limited English proficiency	41.3	67.2	38.0	33.1
Teacher Incentive Award	27.2	56.9	33.8	13.0
Exceptional child contracts/tuition equivalents	20.8	51.7	23.9	7.8
Safe environment	34.3	60.3	29.6	26.6

**Results by District Size**

	Very Small (n=69)	Small (n=71)	Medium (n=78)	Large (n=38)	Very Large (n=27)
Salaries and benefits	82.6%	85.9%	87.2%	84.2%	85.2%
ISAT remediation	56.5	59.2	61.5	28.9	44.4
Discretionary	55.1	53.5	53.8	34.2	48.1
Early Retirement Program	26.1	39.4	37.2	31.6	33.3
Transportation	71.0	67.6	71.8	55.3	63.0
Idaho Digital Learning Academy	43.5	36.6	33.3	21.1	22.2
Facilities	65.2	60.6	50.0	36.8	48.1
Agricultural replacement phase-out	36.2	36.6	23.1	18.4	22.2
Classroom/textbooks	72.5	73.2	64.1	44.7	70.4
Border contracts	21.7	29.6	21.8	10.5	22.2
Technology	55.1	52.1	56.4	52.6	48.1
Gifted and talented	59.4	59.2	46.2	42.1	44.4
Idaho Safe and Drug Free Schools	62.3	64.8	61.5	42.1	44.4
Program adjustments	18.8	18.3	19.2	7.9	11.1

<sup>a</sup> The components of facilities are bond levy equalization, school facilities funding, and school facilities maintenance match. Each time facilities is listed in the tables of this appendix, it refers to these components.

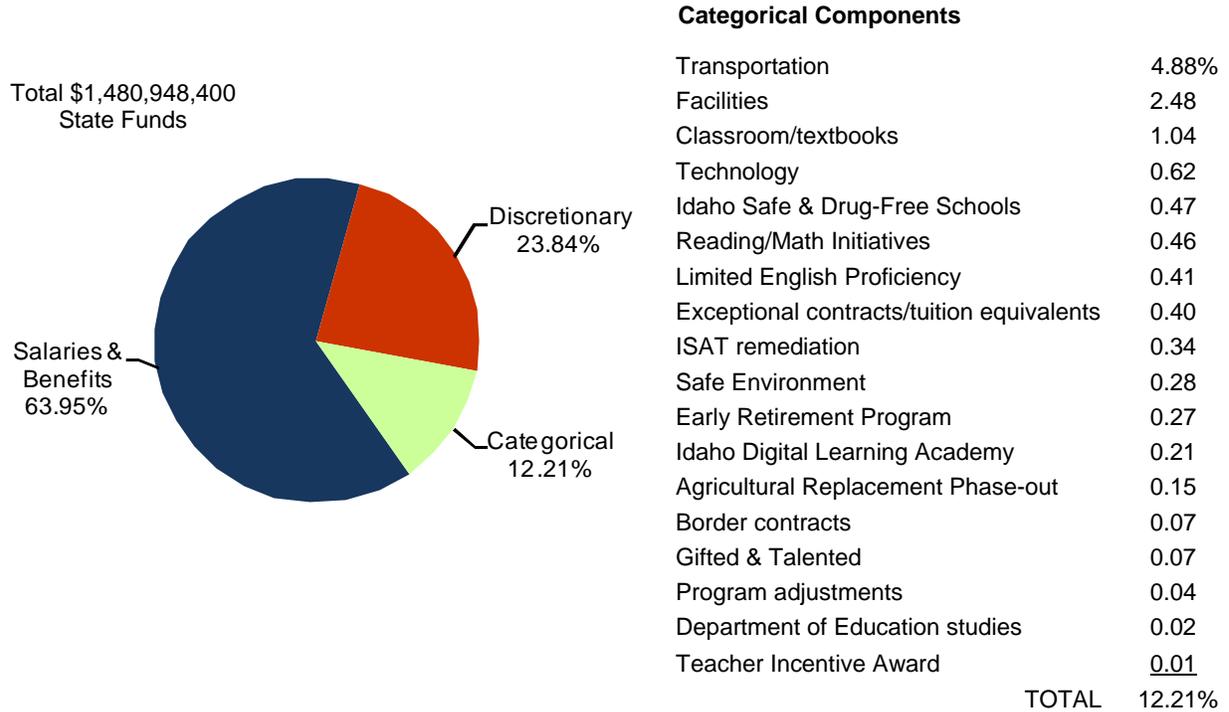
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*Appendix E, Table 2—continued*

<b>Results by District Size—continued</b>	Very Small (n=69)	Small (n=71)	Medium (n=78)	Large (n=38)	Very Large (n=27)
Reading/math initiatives	46.4%	52.1%	47.4%	34.2%	40.7%
Department of Education studies	23.2	21.1	23.1	10.5	14.8
Limited English proficiency	31.9	46.5	50.0	31.6	40.7
Teacher Incentive Award	26.1	28.2	34.6	13.2	25.9
Exceptional child contracts/tuition equivalents	21.7	22.5	23.1	13.2	18.5
Safe environment	34.8	31.0	38.5	21.1	48.1

<b>Results by Urban and Rural</b>	Urban (n=137)	Rural (n=146)
Salaries and benefits	87.6%	82.9%
ISAT remediation	51.1	56.2
Discretionary	47.4	54.1
Early Retirement Program	35.8	32.2
Transportation	65.7	69.2
Idaho Digital Learning Academy	31.4	36.3
Facilities	50.4	58.2
Agricultural replacement phase-out	27.7	30.1
Classroom/textbooks	65.0	67.8
Border contracts	22.6	21.9
Technology	55.5	52.1
Gifted and talented	53.3	50.7
Idaho Safe and Drug Free Schools	55.5	61.0
Program adjustments	16.1	17.1
Reading/math initiatives	46.0	45.9
Department of Education studies	15.3	24.7
Limited English proficiency	40.9	41.8
Teacher Incentive Award	26.3	28.1
Exceptional child contracts/tuition equivalents	20.4	21.2
Safe environment	33.6	34.9

**Chart: Idaho Public School Appropriation, Fiscal Year 2009**



**Table 3: Stakeholder Preferences and Priorities for Distributing Education Funds**

My preference for how state funds should be distributed among the components of the funding formula generally matches with the current percentages listed on the "Idaho Public Schools Appropriation Fiscal Year 2009" chart.

<b>Results by Stakeholders</b>	All Respondents (N=283)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)
Strongly agree	1.4%	5.2%	1.4%	0.0%
Agree	28.6	39.7	26.8	25.3
Undecided	27.6	15.5	23.9	33.8
Disagree	35.0	31.0	35.2	36.4
Strongly disagree	7.4	8.6	12.7	4.5

Table continued on next page

*Appendix E, Table 3—continued*

<b>Results by District Size</b>	Very Small (n=69)	Small (n=71)	Medium (n=78)	Large (n=38)	Very Large (n=27)
Strongly agree	2.9%	2.8%	0.0%	0.0%	0.0%
Agree	40.6	26.8	25.6	18.4	25.9
Undecided	23.2	25.4	30.8	39.5	18.5
Disagree	26.1	36.6	37.2	36.8	44.4
Strongly disagree	7.2	8.5	6.4	5.3	11.1

<b>Results by Urban and Rural</b>	Urban (n=137)	Rural (n=146)
Strongly agree	0.7%	2.1%
Agree	34.3	23.3
Undecided	24.1	30.8
Disagree	34.3	35.6
Strongly disagree	6.6	8.2

Among the current funding formula components, if you had to make a decision about the most pressing areas to add new dollars, where would you make your investment? (Check three components.)

<b>Results by Stakeholders</b>	All Respondents (N=568)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)	Teachers (n=285)
Salaries and benefits	71.3%	96.6%	54.3%	71.0%	75.8%
ISAT remediation	10.4	3.4	7.1	18.7	8.8
Discretionary	25.3	87.9	42.9	23.9	10.9
Early Retirement Program	5.8	0.0	0.0	9.0	7.0
Transportation	6.8	25.9	14.3	4.5	2.8
Idaho Digital Learning Academy	2.7	1.7	1.4	2.6	3.5
Facilities	19.5	17.2	35.7	25.8	14.0
Agricultural replacement phase-out	1.5	5.2	0.0	0.6	1.8
Classroom/textbooks	30.6	6.9	31.0	29.0	38.6
Border contracts	0.2	0.0	0.0	0.0	0.4
Technology	39.4	25.9	37.1	38.1	46.3
Gifted and talented	10.7	1.7	17.1	9.0	12.6
Idaho Safe and Drug Free Schools	2.2	0.0	0.0	1.9	3.5
Program adjustments	4.6	0.0	1.4	1.9	8.1

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## Appendix E, Table 3—continued

<b>Results by Stakeholders—continued</b>	All		Board		
	Respondents (N=568)	Superintendents (n=58)	Members (n=71)	Principals (n=154)	Teachers (n=285)
Reading/math initiatives	18.2%	3.4%	24.3%	18.1%	21.1%
Department of Education studies	0.3	0.0	0.0	0.0	0.7
Limited English proficiency	10.5	8.6	8.6	7.7	13.7
Teacher Incentive Award	7.0	6.9	8.6	6.5	7.4
Exceptional child contracts/tuition equivalents	0.7	0.0	2.9	0.0	0.7
Safe environment	8.1	3.4	1.4	8.4	11.2
<b>Results by District Size</b>	<b>Very Small (n=149)</b>	<b>Small (n=159)</b>	<b>Medium (n=148)</b>	<b>Large (n=75)</b>	<b>Very Large (n=37)</b>
Salaries and benefits	74.5%	74.8%	75.0%	70.7%	70.3%
ISAT remediation	8.7	10.7	8.8	16.0	16.2
Discretionary	27.5	23.3	30.4	16.0	37.8
Early Retirement Program	5.4	4.4	8.1	2.7	13.5
Transportation	10.7	6.9	6.1	5.3	0.0
Idaho Digital Learning Academy	3.4	1.9	2.7	5.3	0.0
Facilities	17.4	22.0	20.9	21.3	18.9
Agricultural replacement phase-out	2.7	1.3	1.4	1.3	0.0
Classroom/textbooks	35.6	35.8	29.1	30.7	10.8
Border contracts	0.7	0.0	0.0	0.0	0.0
Technology	37.6	42.8	44.6	49.3	13.5
Gifted and talented	13.4	11.9	8.8	13.3	2.7
Idaho Safe and Drug Free Schools	0.7	2.5	3.4	1.3	5.4
Program adjustments	9.4	3.1	2.7	2.7	5.4
Reading/math initiatives	26.2	14.5	15.5	21.3	16.2
Department of Education studies	0.0	1.3	0.0	0.0	0.0
Limited English proficiency	5.4	12.6	15.5	9.3	10.8
Teacher Incentive Award	10.7	6.3	6.8	5.3	2.7
Exceptional child contracts/tuition equivalents	0.7	1.3	0.0	1.3	0.0
Safe environment	7.4	8.8	6.8	10.7	13.5
<b>Results by Urban and Rural</b>	<b>Urban (n=289)</b>	<b>Rural (n=279)</b>			
Salaries and benefits	75.1%	72.8%			
ISAT remediation	14.5	6.8			
Discretionary	26.6	25.8			

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*Appendix E, Table 3—continued*

<b>Results by Urban and Rural—continued</b>	Urban (n=289)	Rural (n=279)
Early Retirement Program	5.9%	6.1%
Transportation	4.8	9.3
Idaho Digital Learning Academy	2.4	3.2
Facilities	20.8	19.7
Agricultural replacement phase-out	1.4	1.8
Classroom/textbooks	29.8	33.7
Border contracts	0.0	0.4
Technology	39.4	42.3
Gifted and talented	10.0	12.2
Idaho Safe and Drug Free Schools	2.1	2.5
Program adjustments	5.5	3.9
Reading/math initiatives	19.0	18.6
Department of Education studies	0.0	0.7
Limited English proficiency	9.0	12.9
Teacher Incentive Award	6.2	8.2
Exceptional child contracts/tuition equivalents	0.7	0.7
Safe environment	8.0	9.0

**Table 4: Stakeholder Opinions About Measures of Student Achievement and Strategies to Improve It**

Which of the following measures do you think are the best indicators of K–12 student academic achievement in Idaho? (Pick the three best.)

<b>Results by Stakeholders</b>	All Respondents (N=568)	Superintendents (n=58)	Board Members (n=71)	Principals (n=154)	Teachers (n=285)
Graduation rates	65.5%	55.2%	64.3%	68.4%	71.2%
Percentage of Idaho students entering college	45.3	27.6	48.6	44.5	51.9
Scores on college entrance exams	47.2	60.3	60.0	38.1	49.8
Scores on Idaho's standardized tests (ISAT) for math and reading	49.6	75.9	50.0	59.4	42.5
Scores on national standardized tests (NAEP) for math and reading	34.3	48.3	37.1	35.5	32.6

Table continued on next page

## Appendix E, Table 4—continued

<b>Results by District</b>	Very Small	Small	Medium	Large	Very Large
	<u>(n=149)</u>	<u>(n=159)</u>	<u>(n=148)</u>	<u>(n=75)</u>	<u>(n=37)</u>
Graduation rates	67.8%	66.0%	66.2%	80.0%	59.5%
Percentage of Idaho students entering college	45.0	47.8	48.6	52.0	35.1
Scores on college entrance exams	53.7	45.9	54.1	49.3	21.6
Scores on Idaho's standardized tests (ISAT) for math and reading	57.7	50.3	52.0	40.0	51.4
Scores on national standardized tests (NAEP) for math and reading	35.6	35.8	35.8	36.0	32.4
<b>Results by Urban and Rural</b>	Urban	Rural			
	<u>(n=289)</u>	<u>(n=279)</u>			
Graduation rates	69.2%	65.9%			
Percentage of Idaho students entering college	46.7	47.3			
Scores on college entrance exams	45.0	53.0			
Scores on Idaho's standardized tests (ISAT) for math and reading	49.1	53.8			
Scores on national standardized tests (NAEP) for math and reading	37.4	33.7			

Which of the following strategies do you think would be most important in improving student achievement? (Check the three most important.)

<b>Results by Stakeholders</b>	All	Superintendents	Board	Principals	Teachers
	<u>Respondents</u> <u>(N=568)</u>	<u>(n=58)</u>	<u>Members</u> <u>(n=71)</u>	<u>(n=154)</u>	<u>(n=285)</u>
Extended school day	7.5%	15.5%	4.3%	11.6%	4.9%
Extended school year	14.4	36.2	12.9	12.3	12.6
Extra learning opportunities <sup>a</sup>	30.6	32.8	32.9	36.1	28.8
Full-day kindergarten	30.4	48.3	30.0	45.2	21.1
High quality teachers	50.9	56.9	74.3	49.7	48.4
High school restructuring	13.1	12.1	14.3	10.3	15.4
Parental involvement/family outreach	53.5	29.3	62.9	41.3	66.7
Preschool	14.3	22.4	21.4	15.5	11.2
Smaller class size	56.2	25.9	41.4	49.7	73.7
Smaller school size	10.5	15.5	0.0	16.1	9.8

<sup>a</sup> Includes after school programs and summer school.

Table continued on next page

*Appendix E, Table 4—continued*

<b>Results by District—continued</b>	Very Small (n=149)	Small (n=159)	Medium (n=148)	Large (n=75)	Very Large (n=37)
Extended school day	8.1%	5.7%	4.7%	16.0%	10.8%
Extended school year	15.4	10.7	18.2	14.7	18.9
Extra learning opportunities	31.5	35.8	30.4	29.3	24.3
Full-day kindergarten	35.6	25.8	32.4	30.7	37.8
High quality teachers	51.0	54.7	53.4	54.7	45.9
High school restructuring	14.1	18.9	10.8	13.3	0.0
Parental involvement/family outreach	59.7	59.7	52.7	52.0	37.8
Preschool	17.4	11.9	18.2	5.3	21.6
Smaller class size	49.7	62.9	58.8	64.0	59.5
Smaller school size	12.8	7.5	12.2	8.0	18.9

<b>Results by Urban and Rural</b>	Urban (n=289)	Rural (n=279)
Extended school day	9.7%	5.7%
Extended school year	15.2	14.7
Extra learning opportunities	28.0	35.5
Full-day kindergarten	31.1	31.9
High quality teachers	52.9	52.7
High school restructuring	11.8	15.4
Parental involvement/family outreach	52.9	58.1
Preschool	14.2	15.4
Smaller class size	62.3	54.1
Smaller school size	12.5	9.3

**Table 5: Principals' Perceived Level of Control over Expenditure of State Funds**

Please identify to what extent you have control over expenditures of state funds at your school in each of the following categories: (N=154)

	I have full authority to make spending decisions	My input is generally considered in spending decisions	Not sure	I rarely have opportunities to influence spending decisions	I never have opportunities to influence spending decisions	No answer <sup>a</sup>
Salaries and benefits	0.7%	19.7%	2.6%	30.9%	46.1%	1.3%
Discretionary	17.3	36.7	7.3	21.3	17.3	2.6
Transportation	0.0	14.4	1.3	32.0	52.3	0.6

Table continued on next page

## Appendix E, Table 5—continued

	I have full authority to make <u>spending decisions</u>	My input is generally considered in <u>spending decisions</u>	Not sure	I rarely have opportunities to influence <u>spending decisions</u>	I never have opportunities to influence <u>spending decisions</u>	No answer <sup>a</sup>
Facilities	0.7%	52.3%	0.7%	24.5%	21.9%	1.9%
Classroom/textbooks	22.2	54.9	3.3	13.1	6.5	1.9
Technology	7.9	53.6	4.6	24.5	9.3	1.9
Idaho Safe and Drug Free Schools	15.0	47.7	3.9	20.3	13.1	0.6
Reading/math initiatives	5.9	44.7	11.2	19.7	18.4	1.3
Limited English proficiency	2.0	36.0	11.3	22.7	28.0	2.6
ISAT remediation	14.4	42.5	6.5	22.9	13.7	0.6
Gifted and talented	4.6	36.4	8.6	21.9	28.5	1.9

<sup>a</sup> “No answer” is the percentage of total respondents who did not complete the question. These respondents were not included when calculating response percentages.

### Table 6: Principals’ Satisfaction with Level of Control over Allocating Funds at Their School

I am satisfied with the level of control I have over allocating funds at my school. (N=154)

Strongly agree	6.5%
Agree	44.8
Undecided	13.0
Disagree	27.9
Strongly disagree	7.8

I would like more control over the allocation of funds at my school in the following categories: (N=154)

	<u>Strongly Agree</u>	<u>Agree</u>	<u>Undecided</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>No Answer<sup>a</sup></u>
Salaries and benefits	5.8%	25.4%	20.3%	39.1%	9.4%	10.4%
Discretionary	19.0	44.4	15.5	16.2	4.9	7.8
Transportation	2.9	18.2	24.1	44.5	10.2	11.0
Facilities	19.3	46.4	11.4	19.3	3.6	9.1
Classroom/textbooks	17.4	42.8	11.6	26.1	2.2	10.4
Technology	23.6	47.8	7.2	17.4	4.3	10.4

Table continued on next page

*Appendix E, Table 6—continued*

	<u>Strongly Agree</u>	<u>Agree</u>	<u>Undecided</u>	<u>Disagree</u>	<u>Strongly Disagree</u>	<u>No Answer<sup>a</sup></u>
Idaho Safe and Drug Free Schools	11.7%	38.7%	20.4%	24.8%	4.4%	11.0%
Reading/math initiatives	15.1	46.0	20.1	15.1	3.6	9.7
Limited English proficiency	9.6	37.8	20.7	25.2	6.7	12.3
ISAT remediation	19.3	42.9	12.1	18.6	7.1	9.1
Gifted and talented	13.6	40.0	19.3	23.6	3.6	9.1

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<sup>a</sup> “No answer” is the percentage of total respondents who did not complete the question. These respondents were not included when calculating response percentages.

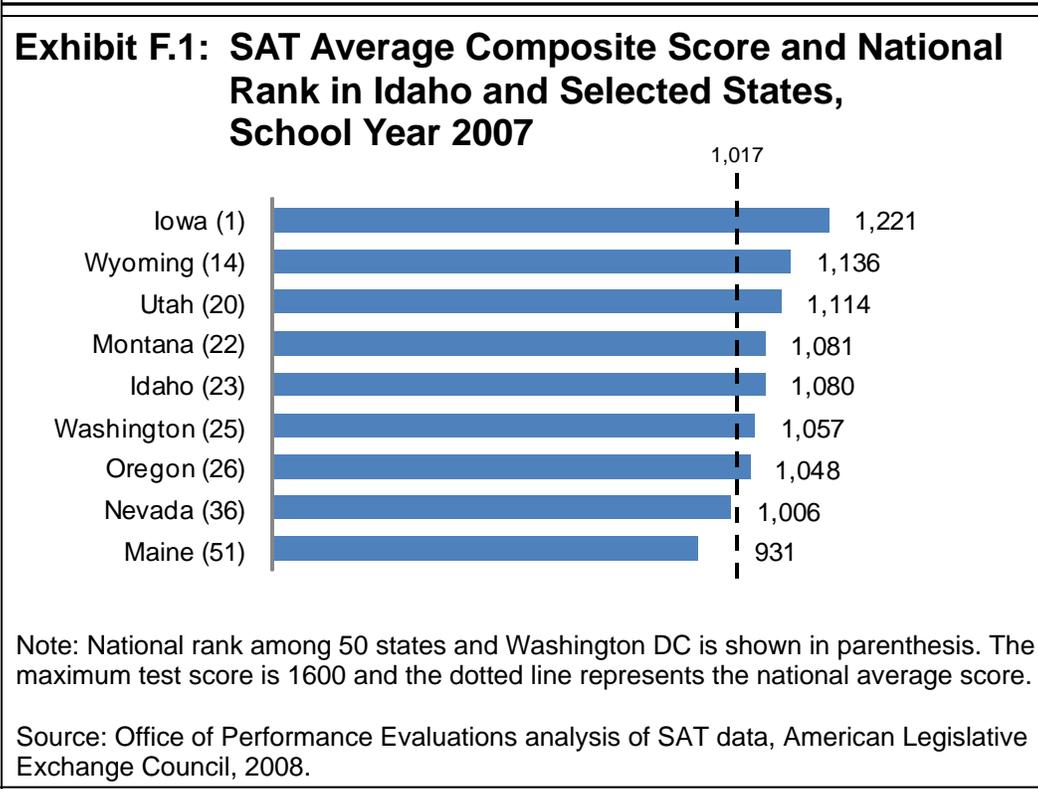
## Appendix F

# Comparison of Idaho and National Student Achievement

Idaho can examine several measures of student achievement on a national level to understand individual state performance. Data from college entrance exams, national elementary and secondary standardized testing, and high school graduation rates provide perspective on where Idaho stands in relation to national and selected state averages. We chose these measures of student achievement because the data is comparable among all states.

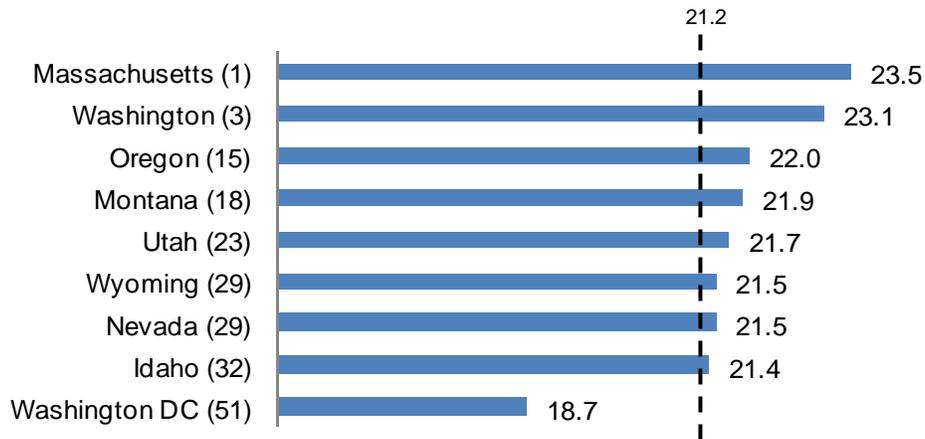
### College Entrance Exams

The Scholastic Aptitude Test (SAT) Reasoning Test assesses college-bound students' reasoning based on knowledge and skills they have developed throughout their education.



The American College Test (ACT) assesses students' development in their general education, as well as their ability to complete work at the collegiate level. The test covers four areas: English, math, reading, and science.

**Exhibit F.2: ACT Average Composite Score and National Rank, Idaho and Selected States, School Year 2007**



Note: National rank among 50 states and Washington DC is in parenthesis. The maximum test score is 36, and the dotted line indicates the national average score.

Source: Office of Performance Evaluations analysis of ACT data, American College Testing, 2007, <http://www.act.org/news/data/07/states.html> (accessed November 13, 2008).

## National Assessment of Educational Progress

The National Assessment of Educational Progress (NAEP) is the only nationally representative standardized test for K–12 students in the US public education system. NAEP reports three levels of student achievement: basic, proficient, and advanced. The test is administered at the fourth, eighth, and twelfth grades to a representative sample of students.

### Exhibit F.3: NAEP Math and Reading Rank for Idaho and Surrounding States, School Year 2007

#### 4<sup>th</sup> Grade Reading

Montana	5
Wyoming	12
Washington	18
<b>Idaho</b>	<b>22</b>
Utah	28
Oregon	40
Nevada	46

#### 4<sup>th</sup> Grade Math

Montana	10
Wyoming	10
Washington	15
<b>Idaho</b>	<b>24</b>
Utah	28
Oregon	37
Nevada	44

#### 8<sup>th</sup> Grade Reading

Montana	3
Oregon	17
Wyoming	17
<b>Idaho</b>	<b>20</b>
Washington	20
Utah	29
Nevada	45

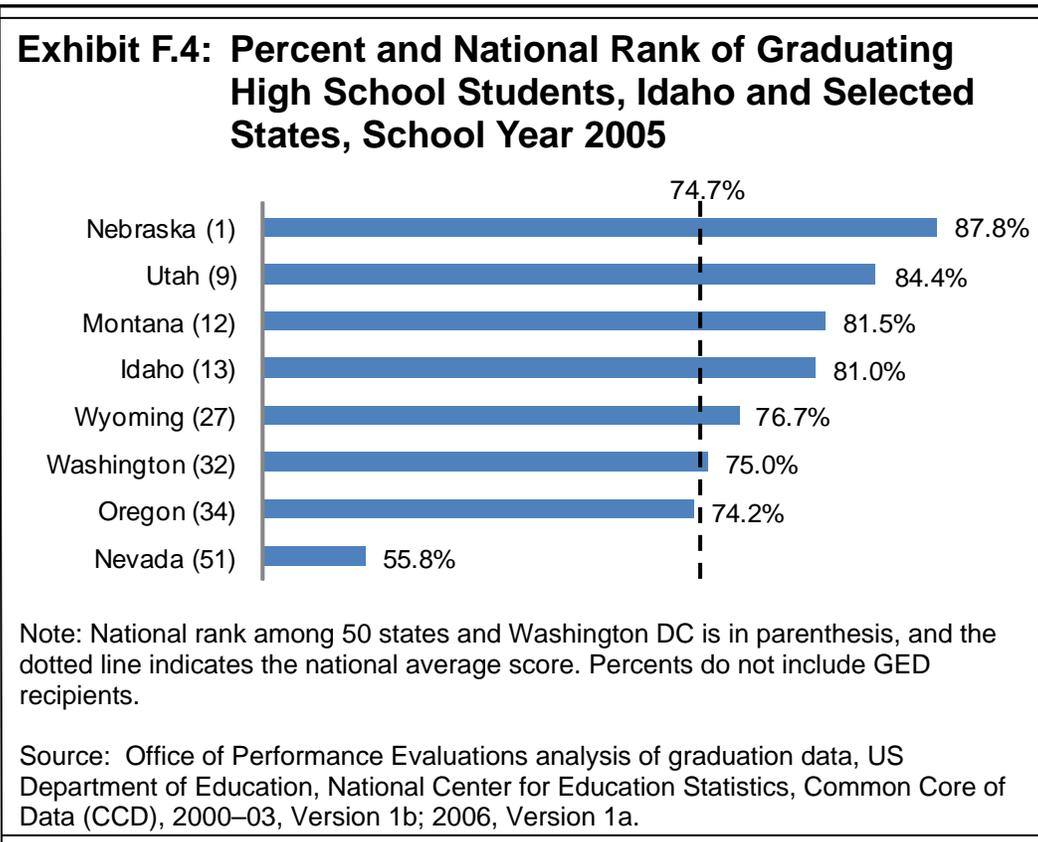
#### 8<sup>th</sup> Grade Math

Wyoming	10
Montana	10
Washington	18
<b>Idaho</b>	<b>22</b>
Oregon	22
Utah	30
Nevada	44

Source: Office of Performance Evaluations analysis of NAEP report data, American Legislative Exchange Council, 2007.

## Graduation Rates

Graduation rates from high school are an important measure of student achievement because high school graduation is a minimum and necessary step in the transition to college. The following exhibit shows the proportion of public high school freshmen who graduated with a regular diploma in 2005, four years after beginning ninth grade.



## **Appendix G**

# **Local Fund Sources for Idaho School Districts**

In addition to state and federal public education allocations, school districts in Idaho can generate local revenues for regular operations and facility purposes. School districts generate local revenue in various ways.

### **School District Levies**

School districts can generate funds by receiving taxpayer approval for a levy: a tax on the residential and commercial property within a particular school district. A levy generates funds by taxing a specific percentage of each property's value. Different levies tax different percentages of a property's value. Districts can ask taxpayers to pass several types of levies; not all districts use all levies.<sup>1</sup>

#### ***Supplemental Maintenance and Operation (M&O) Levy***

A supplemental maintenance and operation levy provides additional funding to school districts for maintenance and operation. A supplemental levy specifies a time period not to exceed two years, and ordinarily requires approval from a majority of taxpayer votes. In fiscal year 2008, 60 districts had supplemental maintenance and operation levies in place.

#### ***Emergency Levy***

School districts use emergency levies to help manage costs when a significant increase in student enrollment occurs from one year to the next. This levy does not require taxpayer approval, but rather, districts may implement the levy if growth in enrollment meets statutory requirements. In fiscal year 2008, 25 districts had emergency levies in place.

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<sup>1</sup> The levies described in this appendix appear in the order in which they are listed in the State Department of Education report *Tax Levies for School Purposes School Year 2007–2008*.

### ***Tort Levy***

School districts enact a tort levy to pay liability insurance. School districts may implement this levy without taxpayer approval. In fiscal year 2008, 87 districts had tort levies in place.

### ***Cooperative Services Agency Levy***

Examples of cooperative services include special education, professional-technical education, and alternative education services.

School districts providing cooperative services or facilities to one or more other districts can seek two types of levies: one for services and one for facilities. The services levy requires a majority approval from voting taxpayers in districts belonging to the cooperative. The facilities levy requires a sixty-six and two-thirds percent majority approval from voting taxpayers in the districts belonging to the cooperative. In fiscal year 2008, five school districts of the Canyon Owyhee School Service Agency (COSSA) cooperative had this levy in place.

### ***Tuition Levy***

School districts use tuition levies to cover the costs of students who, under authorization of a district's board of trustees, attend school in another Idaho district other than their district of residence. Districts may implement this levy without taxpayer approval. In fiscal year 2008, seven districts had this levy in place.

### ***Tax Refunding and Judgment Levy***

School districts use the tax refunding and judgment levy to pay a legal claim if the district does not have insurance available to pay the claim. Districts may implement this levy without taxpayer approval. In fiscal year 2008, 47 districts had the tax refunding and judgment levy in place.

### ***Bond Levy***

School districts sell bonds to investors to fund facility needs or purchase school buses. Districts use the revenue obtained from bond levies to repay investors over time as their bonds mature. In Idaho, incurring this type of debt requires a sixty-six and two-thirds percent majority approval from voting taxpayers. In fiscal year 2008, 84 districts had bond levies in place.

Districts use the proceeds from bond sales for the following purposes:

- Acquire, purchase, or improve school sites
- Construct buildings
- Demolish or remove buildings

- Add to, remodel, repair, furnish or equip existing buildings
- Purchase school buses
- Pay for incurred architectural and engineering costs of any construction authorized by voters
- Pay for legal and fiscal fees
- Pay for publishing, printing and election costs prior to the issuance of bonds, including the printing of the bonds
- Reimburse any other funds the district used for the above purposes

### **Plant Facility Levy**

School districts may use revenues from plant facility levies for some of the same items as bonds:

- Acquire, purchase, or improve school sites
- Construct buildings
- Demolish or remove buildings
- Add to, remodel, repair, furnish or equip existing buildings
- Purchase school buses

Districts may also use plant facility levy revenue for other items such as:

- Leasing and lease purchase agreements
- Repaying loans from commercial lending institutions for the construction of school plant facilities (only if the estimated cost was in excess of five thousand dollars)

A district may only use a plant facilities levy for buildings or areas directly involved in the education of students. For example, a district cannot use a plant facility levy to construct a maintenance building. Plant facility levies are limited to a 10-year duration, but the term can be extended to 20 years if the district uses the funds to create safe school facilities.

Additionally, plant facility levies require different margins of voter approval depending upon a district's total bond levy and plant facility levy debt level. In fiscal year 2008, 52 districts had plant facility levies in place.

### **Other District Fund Sources**

School districts can also generate revenue from other local sources not related to property values. The list below, while not exhaustive, identifies the most common types of other revenue:

- Facility rentals
- Tuition from out-of-district students
- School lunch sales

- Athletic event gate receipts
- Donations
- Student activity fees
- Earnings on investments
- Penalties and interest on overdue property taxes

## Appendix H

# Key Works Consulted

The following list, while not exhaustive, references key works we consulted while conducting our study.

Augenblick and Meyers, Inc. *Calculation of the Cost of an Adequate Education in Maryland in 1999–2000 Using Two Different Analytic Approaches*. Denver, CO, 2001. [http://mlis.state.md.us/other/education/Full\\_AM\\_Report.pdf](http://mlis.state.md.us/other/education/Full_AM_Report.pdf) (accessed December 2, 2008).

Calvo, Naomi, Lawrence Picus, James Smith, and James Guthrie. *A Review of the Oregon Quality Education Model*. Management Analysis and Planning, Inc. 2000. <http://www.edconsultants.com/documents/Other%20reports/OQEM.Final.Report.pdf> (accessed on December 2, 2008).

Chambers, Jay, Jesse Levin, Danielle DeLancey, and Karen Manship. *An Independent Comprehensive Study of the New Mexico Public School Funding Formula. Volume I – Final Report*. American Institutes for Research, 2008. [http://www.nmschoolfunding.org/pdf/AIR\\_Vol\\_I\\_FINAL\\_Report\\_-\\_NM\\_Public\\_School\\_Funding\\_Formula.pdf](http://www.nmschoolfunding.org/pdf/AIR_Vol_I_FINAL_Report_-_NM_Public_School_Funding_Formula.pdf) (accessed December 2, 2008).

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Hanushek, Eric. Science violated: Spending projections and the “costing out” of an adequate education. In *Courting Failure: How Good School Finance Lawsuits Exploit Judges’ Good Intentions and Harm Our Children*, ed. E. Hanushek. Hoover Press, 2006. [http://media.hoover.org/documents/0817947817\\_257.pdf](http://media.hoover.org/documents/0817947817_257.pdf) (accessed on December 2, 2008).

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## Office of Performance Evaluations Reports Completed 2007–Present

Publication numbers ending with “F” are follow-up reports of previous evaluations. Publication numbers ending with three letters are federal mandate reviews—the letters indicate the legislative committee that requested the report.

<u>Pub. #</u>	<u>Report Title</u>	<u>Date Released</u>
07-01	Use of Average Daily Attendance in Public Education Funding	February 2007
07-02	Virtual School Operations	March 2007
07-03F	Higher Education Residency Requirements	July 2007
07-04F	State Substance Abuse Treatment Efforts	July 2007
07-05F	Idaho School for the Deaf and the Blind	July 2007
07-06F	Public Education Technology Initiatives	July 2007
07-07	Health Insurance Coverage in Idaho: A Profile of the Uninsured and Those with Coverage	July 2007
07-08	Options for Expanding Access to Health Care for the Uninsured	July 2007
07-09F	Child Welfare Caseload Management	December 2007
07-10F	Management in the Department of Health and Welfare	December 2007
07-11F	School District Administration and Oversight	December 2007
07-12	Cataloging Public Health Expenditures in Idaho	December 2007
07-13	Estimating Private Health Expenditures in Idaho	December 2007
07-14	Trends in and Drivers of Health Expenditures in Idaho	December 2007
08-01	Governance of Information Technology and Public Safety Communications	March 2008
08-02F	State Substance Abuse Treatment Efforts	March 2008
08-03F	Virtual School Operations	March 2008
09-01	Public Education Funding in Idaho	January 2009
09-02F	Higher Education Residency Requirements	January 2009

Reports are available on our website at [www.idaho.gov/ope/](http://www.idaho.gov/ope/).  
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