March 5th, 2021

Joint Legislative Oversight Committee
Idaho State Capitol
700 W. Jefferson St.
Boise, Idaho 83702

Dear Joint Legislative Oversight Committee,

Public K-12 school facilities in Idaho have long been primarily funded from local property taxes. These taxes are levied by citizens passing bond levies with a 2/3 super majority vote of the local taxpayers. This worked well for many years when Idaho had slow, but stable growth, and communities that consistently gave education a high priority.

Now, the ability to fund school facilities through bonds may be breaking down. Some communities are growing so fast that they are faced with the challenge of repeatedly going back to the taxpayers for more bonding authority. Other, often rural, communities with no or slow growth have very aged school facilities. Since 2006, significant and growing supplemental and plant facilities levies, have created voter fatigue and many communities struggle to pass a bond. Many communities also have multiple options where students can attend school (public, public charters or private), a situation which may dilute the communities’ ability to pass a bond. Finally, citizens’ tolerance for increased property taxes statewide is very low.

To help the legislature understand the nature and extent of the issues stated above, and to identify potential policy options, we propose that OPE research the following questions:

1. What is the scope of the problem?
   a. Survey the school districts and charter schools to understand from their perspective the biggest barriers and challenges to adequately funding school facilities.
   b. Review the kinds of facility planning and budgeting practices the school districts and charters employ.
   c. Survey the school districts and charter schools concerning the age and replacement needs of their existing buildings, including forecasts for needed
new or remodeled schools over short, medium, and long-term planning horizons.

d. To the extent possible, and given the availability of data, estimate on a state-wide summary level, the size of any gap between current and future facility needs, the magnitude of the cost of filling the gap, and the financial ability of the communities to address those needs.

2. To what degree do local supplemental levies tend to crowd out the ability of a district to pass a bond?

3. What funding mechanisms in Idaho might be used for facilities funding?

4. What strategies or best practices do other states use to efficiently design and fund facilities and would those strategies be effective in Idaho?

Thank you for your consideration.

Sincerely,

Senator Steven Thayn
Chair, Senate Education Committee

Senator Janie Ward-Engelking
Senate Minority Caucus Chair

Senator Carl Crabtree
Vice Chair, Senate Education Committee

Senator David Nelson

Senator Kevin Cook

Senator Chuck Winder
President Pro Tempore

Senator Lori Den Hartog
Chair, Senate Transportation Committee

Senator Jim Woodward
Vice Chair, Senate Transportation Committee

Senator Dave Lent

Senator Dan Johnson
Attachment 1: Suggested data to gather in performing this study

To help look for policy solutions to this problem we propose that OPE research the following questions:

1. What is the scope of the problem?
   a. Buildings
      i. The age and replacement need of their existing buildings
      ii. Survey growth forecasts for needed new and remodeled schools over short, medium, and long-term planning horizons.
   b. Current funding
      i. Local
         1. Bonded debt
         2. Annual cost of debt service
         3. supplemental and plant facilities levies
            a. Value of current supplemental and plant facilities levies
            b. Bonding value of current supplemental levies (ie: if the override levy was used for debt service at typical terms how much bonded debt would that represent)
            c. Override levy growth since 2006 (when school funding changed)
      ii. State funds
         1. Charter school facilities funding that is currently appropriated to public charter schools.
         2. Other state funding for facilities

2. What strategies or best practices do other states use to efficiently design and fund facilities and would those strategies be effective in Idaho?
   a. Fund facilities, if these mechanisms work, and what barriers there might be to implementing these mechanisms in Idaho.
   b. Design school facilities. Are their design guidelines to build buildings at modest cost that are educationally appropriate
   c. Utilize school facilities more efficiently. An example might be a year-around school model or shared use with a different organization during the summer