

MINUTES
Approved by the Committee
Public School Funding Formula Committee
Tuesday, September 27, 2016
1:00 P.M.
ISU Pond Student Union Building -- Wood River Room
Boise, Idaho

- MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Cliff Bayer, Steven Thayne (remote), and Janie Ward-Engelking; Representatives Scott Bedke, Julie VanOrden, Sage Dixon, and John McCrostie (remote); and nonlegislative members Dr. Linda Clark, State Board of Education, and Pete Koehler (for Sherri Ybarra, Superintendent of Public Instruction)
- ABSENT/ EXCUSED:** None
- ATTENDEES:** Representatives Mark Nye and Ryan Kerby; Tim Hill, State Department of Education; Blake Youde, Office of the State Board of Education; Donna Boe and Muriel Roberts, League of Women's Voters; Margaret Quade, Idaho Falls Education Association; Margie Gonzalez, Idaho Commission on Hispanic Affairs; Karen Glassman, INSPIRE Connections Academy; Marc Carignan, Idaho Charter School Network; Guy Wangsgard, Bonneville Joint School District 93; Anne Bird and Brian Kress, Blackfoot School District 55; Joel Weaver, Chief Tahgee Elementary Academy; Alan Dunn, Sugar Salem School District; Robin Nettinga, Matt Compton and Mike McLamore, Idaho Education Association; C.J. Ward, Aberdeen School District; Marc Gee, Preston School District; David Maguire; Peter J. McPherson, Challis Joint School District 181; Molly Stein, Soda Springs School District 150; Dave Kerns, Snake River School District; Mary Anne McGrory, Pocatello Education Association; Ron Perrenoud, Idaho Digital Learning Academy; and David Sotutu, North Gem School District. Legislative Services Office (LSO) staff: Paul Headlee, Kristin Ford, and Jackie Gunn.
- NOTE:** Copies of presentations, handouts, and reference materials can be found at <https://legislature.idaho.gov> and are also on file in the Legislative Services Office. The entire reference document for this meeting's presentations can be viewed at: https://legislature.idaho.gov/sessioninfo/2016/interim/160927_psf_01_Meeting%20Packet.pdf
- CONVENED:** Co-chair Winder called the meeting to order at 1:10 P.M.
- WELCOME AND INTRODUCTIONS:** Co-chair Winder welcomed the audience and Representatives Nye and Kerby, who were in the audience for the meeting. The committee approved by voice vote the minutes from the July 12 and August 30 meetings.
- STAFF PRESENTATION:** **FOLLOW-UP INFORMATION ON SUPPLEMENTAL LEVIES FROM PREVIOUS MEETING**
- PRESENTER:** **Tim Hill, State Department of Education**

Mr. Hill provided follow-up information requested at the last meeting and discussed the variance associated with supplemental levies.

The committee discussed specifics of Mr. Hill's handout, as well as averages, outliers, tracking, and the benefits of and dependence on supplemental levies.

**STAFF
PRESENTATION:
PRESENTER:**

STAFF UPDATE ON SURVEY

Blake Youde, Office of the State Board of Education

Before beginning his presentation, Mr. Youde responded to the supplemental levy discussion. He noted that there are questions related to the supplemental levy, what the rate is, and various uses. He said they'll cross tab this so a specific set of answers can be pulled out – a reliable sense of how those funds are spent.

Mr. Youde presented an update on the survey commissioned by the committee. His highlights include:

- The survey is ready to launch, loaded in Survey Monkey, waiting for final approval.
- 40 questions that break down:
 - Questions about local funding, voter approved financing
 - Bank of six questions regarding their opinions on funding options
 - Eight questions address their funding priorities
 - Two questions ask if the number is too much or too little
 - Eight questions address health insurance
 - Ends with demographics questions

Mr. Youde emphasized that the survey can go out as soon as it is approved by the co-chairs or members. He noted possibilities for reviewing the results at the next meeting.

The committee discussed incorporating additional questions discussed in this meeting before authorizing the survey for distribution.

**STAFF
PRESENTATION:
PRESENTER:**

STAFF REPORT ON METHODS FOR COUNTING STUDENTS

Tim Hill, State Department of Education

Mr. Hill discussed advantages of an enrollment model of funding, including:

- Increased fiscal stability
- Reduced staff time necessary to collect, report, and compile data
- Reduced impediments to mastery-based learning

And disadvantages, including:

- Estimated cost between \$57 million and \$71 million to transition from ADA to an enrollment model unless cost-neutral measures are taken
- May not promote daily attendance by students

Methods to Transition:

- Would require decisions on how to count enrollment
- Possible revision of ADA/enrollment ranges and support unit divisors/minimums in Section 33-1002, Idaho Code, to be cost neutral
- Need to account for students not fully enrolled (dually-enrolled, home-schooled)

The committee discussed the costs related to a transition, how the approach compares to a fractional ADA approach, and how distributions might be affected.

**STAFF
PRESENTATION:
PRESENTER:**

STAFF REPORT ON CLASSIFIED STAFF SALARIES

Paul Headlee, Deputy Division Manager for the Budget and Policy Analysis Division of LSO

Mr. Headlee reported on classified staff funding. He noted that when the funding formula was revised in 1994 the base salary for classified staff was set at \$15,000. He explained reasons why school districts have been contributing an increasingly greater amount of funding towards classified positions, including:

1. The base salary set by the Legislature within the annual appropriation bill for the current 2016-2017 school year is \$20,421. This is a 36% increase over the past 22 years, for an average annual growth rate of 1.4% per year. According to the Bureau of Labor Statistics, the consumer price index average annual growth rate was 2.2% for the same time period. It is noteworthy to mention that during the last recession the base salaries were actually decreased each year from 2010 to 2012.
2. The actual number of staff filling the classified positions has grown from the 0.375 per support unit that is provided in formula by Section 33-1004(5), Idaho Code, to the current actual amount of 0.395 per support unit.
3. The job duties and titles for classified staff have both increased and become more specialized over time.

Mr. Headlee said that closing the gap would require additional state

funding for classified staff salary-based apportionment and could be achieved by amending Idaho Code via the annual appropriation bill to either increase the base salary, increase the staff allowance factor, or both.

The committee discussed data provided by Mr. Headlee in pages 8-10 of the meeting packet.

**STAFF
PRESENTATION:**

**STAFF REPORT ON HOW OTHER STATES ADDRESS SCHOOL
DISTRICT HEALTH INSURANCE COSTS**

PRESENTER:

Paul Headlee, LSO

Mr. Headlee spoke to how other states address school district health insurance costs. He noted that LSO staff used the Legislative Education Staff Network (LESN) listserv in 2007 and again in 2013 to collect this data.

In December 2013, legislative staff from 16 states responded to this question posted on the listserv: "Does your state provide funding to pay any portion of the annual cost of school district health insurance premiums? If so, to what extent (full or partial) and how is the annual cost increase calculated (by an index, actual costs, other)?"

Of the sixteen respondents, eight indicated that their state did not provide funding for any portion of school district health insurance and eight states indicated they did pay some portion of those costs.

Pages 12-15 of the meeting packet describe full state-by-state responses to the question.

Mr. Headlee and the committee discussed possible systems and indexes, and how they would apply to Idaho's funding model.

**STAFF
PRESENTATION:**

RESOURCES AVAILABLE TO THE INTERIM COMMITTEE

PRESENTER:

Michelle Exstrom and Daniel Thatcher, National Conference of State Legislatures

Ms. Exstrom and Mr. Thatcher explained NCSL's recent work with appropriations committees in Colorado and other states. They developed an action plan for the last legislative session based only on school finance. NCSL provided the funds to bring in the experts and provide meeting space for participants. They can work with the members to determine what needs to be fleshed out. Ms. Exstrom emphasized that NCSL is here to help and has the expertise on areas the committee wishes to research in more depth.

**COMMITTEE
DISCUSSION:**

Co-chair Winder opened the meeting for general committee discussion.

Senator Mortimer raised points about health insurance benefits in Idaho's education system.

Representative VanOrden discussed issues related to student mobility and dual enrollment.

RECESS

The committee recessed 3:55 - 6:05 p.m.

PUBLIC TESTIMONY

PRESENTER: **Margaret Quade**

REPRESENTING: Idaho Falls Education Association

Ms. Quade spoke to having enough money for aides, custodians, and education support professionals to have full-time jobs. She noted that the cost of insurance influences hiring them as part-time only. She added that it's difficult to keep good ESPs because they can get jobs elsewhere with benefits. She requested a raise in funding to provide a living wage.

PUBLIC TESTIMONY

PRESENTER: **Margie Gonzalez**

REPRESENTING: Idaho Commission on Hispanic Affairs

Ms. Gonzalez shared highlights related to the climate in Idaho pertaining to the Hispanic population and education. She noted that the Hispanic population is the largest and fastest growing group in Idaho and make up 18 percent of students in K-12 public schools. She touched on English Language Learner issues, achievement gaps, and the need for additional resources. She added that there is beginning to be a stronger enrollment in secondary education.

PUBLIC TESTIMONY

PRESENTER: **Donna Boe**

REPRESENTING: League of Women Voters

Ms. Boe noted that the League of Women Voters believes that all children should have an equal educational opportunity. She said that the League believes a meaningful state average cost per pupil should be computed taking into consideration things like average teacher pay in the region. She noted the use of unequalized supplemental levies by school districts and encouraged the state to meet its obligation to provide proper funding of public schools.

PUBLIC TESTIMONY

PRESENTER: **Karen Glassman**

REPRESENTING: INSPIRE Connections Academy

Ms. Glassman noted that the virtual academy has students coming to it for a variety of reasons. She noted that instead of funding programs or schools, the formula could adapt to the changing environments and innovations in education by being directly tied to students. She added that because online schools tend to serve a more mobile population, a student-based funding model would help smooth the variations in enrollment throughout the year. She said they would also like to see something that reflects the different times of day their students are working. She noted that statewide funding for special education is also inadequate to meet the needs of the students. She said that the academy isn't able to use local supplemental levies. She suggested looking at a statewide categorical funding, specifically for charter schools, based on the per-pupil amount, allowing charter schools to bill the home district, or making a statewide equity adjustment, holding

districts harmless if they see a shortfall because of the new funding formula, and allocating funds for a temporary transition period.

PUBLIC TESTIMONY

PRESENTER:

Mark Carignan

REPRESENTING:

Idaho Charter School Network

Mr. Carignan noted that he was speaking as a parent and business manager for charter schools, as well. He said they wish to see a funding mechanism that follows the student. He said the state should move away from the funding silos, moneys that have to be spent in certain ways, which give little flexibility to the school. He asked the committee to look at the true taxpayer burden and how the funds are being spent.

PUBLIC TESTIMONY

PRESENTER:

Guy Wangsgard

REPRESENTING:

Bonneville School District 93

Mr. Wangsgard noted that he was speaking as a parent and business manager for charter schools, too. He stated that many changes have occurred since the formula was adjusted. He said he hopes that districts will have time to adjust to the new formula before it goes live, including a possible hold-harmless provision. Items of interest in the formula include: special education, the PERSI system, classified staff, attendance, and enrollment measures. He noted that districts need flexibility in spending.

PUBLIC TESTIMONY

PRESENTER:

Anne Bird

REPRESENTING:

Blackfoot School District 55

Ms. Bird, speaking as a teacher, noted that she is grateful for the career ladder, but that she is disappointed it doesn't recognize an education beyond a master's degree. She noted that she would like to get a master's degree, but it would only pay an extra \$1,000, and other teachers have said it's not worth it and doesn't cover the costs. She also addressed the fees students now have to pay and how they might exclude some students from certain activities. She added that she only had \$75 for classroom supplies and had to use her own money to cover additional expenses for students. She said she would like to see more funding to address these issues and indicate support for education.

PUBLIC TESTIMONY

PRESENTER:

Joel Weaver

REPRESENTING:

Chief Tahgee Elementary Academy

Mr. Weaver noted that he is a father, educator, and director of a charter school. He addressed the issue of equity and creating a charter school. He said that they are cutting some meal and bus services and cutting funds to pay for facilities. He said he wants money to follow the students and to treat charter schools equitably.

PUBLIC TESTIMONY

PRESENTER:

Allen Dunn

REPRESENTING:

Sugar Salem School District

Mr. Dunn shared that his district qualified for an emergency levy. The district is ranked 115 out of 115 for property tax value per capita. He explained what his patrons would pay per year versus other districts. He stated that the bottom line is that they need more funding, something that would take their realities into account. He said they wait until the heater fails at the high school before replacing the heater. The problem is never knowing when that is going to happen, and needing carryover funds when the district just doesn't have it. On school fees, he said that most districts are not charging fees that are part of the regular education, but his district had to pull that money from the budget to avoid charging fees. He noted that costs continue to rise, and asked the committee to help the bottom half of schools.

FUTURE MEETINGS:

The committee will meet Monday, October 17, in Post Falls.

ADJOURNED:

The meeting adjourned at 6:55 p.m.