

MINUTES
Approved by the Committee
Public School Funding Formula Committee
Monday, October 17, 2016
10:30 A.M.
Post Falls, ID

- MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Cliff Bayer, Steven Thayn, and Janie Ward-Engelking; Representatives Julie VanOrden, Sage Dixon, and John McCrostie; and nonlegislative members Dr. Linda Clark, State Board of Education, and Pete Koehler (for Sherri Ybarra, Superintendent of Public Instruction).
- ABSENT/ EXCUSED:** Representative Scott Bedke
- ATTENDEES:** Senator Bob Nonini; Representative Ryan Kerby; Tim Hill, State Department of Education; Blake Youde and Tracie Bent, Office of the State Board of Education; Marilyn Whitney, Office of the Governor; David Hahn, Division of Financial Management; Jennifer Phillips, Paul Anselmo, and Margaret Hall, West Bonner School District; Lisa Hals and Steve Youngdahl, Lake Pend Oreille School District; Brian Wallace, Coeur d'Alene and Wallace school districts; Greg Bailey, Moscow School District; Brad Patzer, Idaho Digital Learning; David Brinkman, Boundary County School District; Leslie Wells, Mullan School District; Matt Compton, Penni Cyr, and Philip Harding, Idaho Education Association; John Cuthbert and Bob Ranells, Wallace School District; William Woodford, Art Krulitz, and Nancy Larsen, Kellogg School District; Marcia Hoffman, Plummer-Worley School District; Rick Jones, Coeur d'Alene School District; Jody Hendricks, St. Maries School District; Bethany Blitz, Coeur d'Alene Press; Clark Corbin, Idaho Education News; Ginny Libbey; Kirsten Pomerantz; and Robin Stanley. Legislative Services Office (LSO) staff: Paul Headlee and Lara Margelofsky.
- 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 reference documents for this meeting's presentations can be viewed at: <https://legislature.idaho.gov/sessioninfo/2016/interim/schoolfunding>
- CONVENED:** Co-chair Horman called the meeting to order at 10:30 A.M.
- WELCOME AND INTRODUCTIONS:** Co-chair Horman welcomed the attendees, along with Senator Nonini and Representative Kerby, who were in the audience for the meeting. The committee approved by voice vote the minutes from the September 27 meeting, with a change to add the dinner break.
- STAFF PRESENTATION:** **DISCUSSION OF SURVEY IMPLEMENTATION AND NUMBER OF RESPONSES TO DATE**
- PRESENTER:** **Blake Youde, Office of the State Board of Education**

Mr. Youde updated the committee on the ongoing survey. He noted that the survey was opened on October 4, and as of the meeting day there were 1,600 responses. Respondents include teachers, parents, administrators, and school employees from 102 of the 115 public school districts in the state and two-thirds of charter schools. Mr. Youde recommended that the survey close October 23, unless a new peak in response rates arises.

Co-chair Winder encouraged Mr. Youde to let stakeholder groups know when the survey will be closing.

STAFF PRESENTATION: OVERVIEW OF SCHOOL FACILITIES FUNDING AND INPUT FROM WEST BONNER COUNTY SCHOOL DISTRICT

PRESENTERS: Paul Headlee, Budget and Policy Analysis Division of LSO; Tim Hill, State Department of Education; and Paul Anselmo, West Bonner School District.

Mr. Headlee discussed Section 33-1019, Idaho Code, the primary statutory program that directs local and state funding to school districts and charter schools for facilities maintenance.

He noted that funding from the following sources are required to meet the state's matching obligation:

- Lottery - Section 67-7434, Idaho Code, requires that on July 1 of each year the Idaho Lottery shall transfer three-eighths of its net income to the School District Building Account created in Section 33-905, Idaho Code.
- Additional State Dollars – If the Lottery distribution is not sufficient to meet the state's matching requirement, both Sections 33-905 and 33-1019, Idaho Code, specify that additional state dollars shall be used to meet the state's matching requirement.
- Public Education Stabilization Fund – Section 33-1019, Idaho Code, specifies that if funding from the Idaho Lottery and additional state dollars are not sufficient to meet the state match obligation, then funding pursuant to Section 33-1018B, Idaho Code, shall be used.

Mr. Hill walked the committee through tables showing recent distributions of facilities maintenance funding.

The committee discussed indexes, new building exemptions, plant facility levies, contingency funds, and financial records, in relation to facilities maintenance funding.

Mr. Anselmo presented on the state of school facilities funding and the effect of the funding formula on the West Bonner school district. He discussed a need for school facilities funding, a lack of special education funds, a lack of funding for classified personnel, career ladder funding, and flexibility in funding.

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**LUNCH BREAK
PRESENTATION:
PRESENTER:**

The committee stood at recess from 11:45 A.M. to 12:30 P.M.

EDUCATION FUNDING REFORM

Matthew Joseph, Foundation for Excellence in Education

Mr. Joseph presented on student-centered, competency-based funding. He described benefits of student-centered funding, including:

- States face significant financial limits even as they seek to raise academic standards.
- Students can move from school to school during the school year and over the course of their K-12 career.
- Students can receive instruction from more than one provider at the same time.
- Students need varying amounts of time to achieve college and career readiness.

Mr. Joseph walked the committee through the steps of implementing student-centered funding, how it affects counting students, and lessons learned from other states.

The committee and Mr. Joseph discussed adjusting costs when students move, base funding, accountability, weighted student enrollment, teacher contracts, early graduation, technology requirements, and advance payments.

**ROUNDTABLE
DISCUSSION**

Co-chair Horman welcomed school board members, superintendents, and other district representatives to the roundtable portion of the meeting. The attendees introduced themselves and broke into groups. Co-chair Horman asked each group to discuss:

- What parts of funding distributions are working well?
- What parts aren't working?
- Suggestions for improvements and categorical line items.

ROUNDTABLE REVIEW

Each of the roundtable groups reported their key points to the full committee. Highlights include:

What parts of funding distributions are working well?

- Front funding is a benefit to districts for cash flow
- Flexibility for small and large districts
- Ratios for certified staffing - not dollars - but formula for how many funded
- Leadership premiums – but don't trickle down

What parts aren't working?

- Special education costs
- Classified staffing - salaries and also number of positions
- Transportation dollars

- Gaps in facility funding
- Border towns - losing staff to Washington for better pay
- Initiatives - not benefiting districts equally - and the unintended costs
- Impact on smallest districts
- Online school completion rates
- Funding for career college advisors

Suggestions for improvements and categorical line items:

- Flexibility for local level - be able to redirect funding if ahead of curve
- Regional cooperatives, sharing of resources
- Equity
- Reduce bond requirements or have matching funds

The committee thanked participants and remarked on the usefulness and benefits of the roundtable discussions.

**COMMITTEE
DISCUSSION**

Senator Thayn noted he would like time at a future meeting to discuss medical insurance and ways to reduce costs. Senator Mortimer also requested a discussion of medical costs, as well as another group discussion session at the next meeting.

BREAK

The committee stood at recess from 3:35 to 5 P.M.

PUBLIC TESTIMONY

PRESENTER:

Penni Cyr

REPRESENTING:

Idaho Education Association

Ms. Cyr presented five recommendations from the IEA:

- Equal opportunities for all students
- Change funding model from ADA to average daily enrollment
- Flexibility in system to provide equity
- Hold districts harmless in any formula changes - phase in changes slowly
- Increase overall money spent on schools

PUBLIC TESTIMONY

PRESENTER:

Robin Stanley

REPRESENTING:

Retired school superintendent, teacher, principal

Mr. Stanley reviewed his involvement in 1990s lawsuit that led to a number of compromises in the public school funding formula. He said that the problems don't lie with the formula itself, but that the legislature underfunded the formula from the beginning. He advised the committee to consider that unless the size of the "pie" is increased, changing the shape will mean taking resources away from some students to give to others. Mr. Stanley reviewed his involvement in 1990s lawsuit that led to a number of compromises in the public school funding formula. He said that the problems don't lie with the formula itself, but that the legislature underfunded the formula from the beginning. He advised the committee to consider that unless the size of the "pie" is increased, changing the shape will mean taking resources away from some students to give to others.

PUBLIC TESTIMONY

PRESENTER:

Nancy Larsen

REPRESENTING:

Kellogg School District

Ms. Larsen reviewed the growing pains in Coeur d'Alene as it grew and how shortfalls in funding would force choices between good teachers and good buildings.

Ms. Larsen also helped facilitate a rural school study, and takeaways included:

- Local industry plays a large role in providing what's needed
- Rural schools have fewer people to do more
- Issues of poverty are commonplace, and band-aids on old buildings aren't holding as well as they used to
- Tax bases have eroded in small communities, and they can't always pass levies they need.

Ms. Larsen stated that looking at equity only works when base is funded adequately. She added that the formula is complicated but there for a reason. She asked the committee to not put rural schools at a greater disadvantage than they already are, and to look at equity rather than equality.

FUTURE MEETING

The committee will meet on Tuesday, December 13, at the State Capitol.

ADJOURNMENT

The meeting adjourned at 5:30 P.M.

