

**MINUTES**  
**Approved by the Committee**  
**Public School Funding Formula Committee**  
**Monday, August 14, 2017**  
**9:00 A.M.**  
**Lincoln Auditorium**  
**Boise, Idaho**

**MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Cliff Bayer, and Lori Den Hartog; Representatives Scott Bedke, Sage Dixon, and John McCrostie; and nonlegislative members Dr. Linda Clark, State Board of Education, and Sherri Ybarra, Superintendent of Public Instruction.

**ABSENT/  
EXCUSED:** Senator Janie Ward-Engelking and Representative Julie VanOrden.

**ATTENDEES:** Representative Ryan Kerby, District 9; Tim Hill, State Department of Education; Tracie Bent, Office of the State Board of Education; Marilyn Whitney, Office of the Governor; Gideon Tolman, Division of Financial Management; Kari Overall, Idaho Education Association; Rob Winslow, Idaho Association of School Administrators; Matt Compton, Idaho Education Association; Jacob Smith, Idaho Digital Learning Academy; John Foster and Kate Haas, Kestrel West; Jane Wittmeyer, Wittmeyer and Associates; and Jess Harrison, Idaho School Boards Association. Legislative Services Office (LSO) staff: Paul Headlee, Robyn Lockett, Elizabeth Bowen, and Lara Margelofsky.

**NOTE:** Copies of presentations, handouts, and reference materials can be found at [www.legislature.idaho.gov](http://www.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/2017/interim/psff/>

**CONVENED:** Co-chair Horman called the meeting to order at 9 A.M.

**WELCOME AND  
INTRODUCTIONS:** Co-chairs Horman and Winder welcomed attendees and previewed the day's agenda. The committee discussed the previous meeting's minutes, and Senator Mortimer requested additions to the committee discussion portion.

**STAFF  
PRESENTATION:** **SUMMARY OF COMMITTEE WORK TO DATE AND OPTIONS FOR MOVING  
FORWARD**

**PRESENTERS:** **Paul Headlee and Robyn Lockett, Budget and Policy Analysis Division of the  
Legislative Services Office**

Mr. Headlee reviewed highlights of the committee's work so far in 2016 and 2017, including committee meetings, expert testimony, stakeholder input, resources (reports, white papers, presentations), and additional staff resources.

He presented two tracks for the committee moving forward:

- Track 1: Reexamining Primary Funding Formula
- Track 2: Adjustments to Statutory Distributions

**Track 1: Primary Funding Formula**

Develop Scenarios/Options for Testing and Modeling

Preferred Features:

- Focus on Student Achievement
- Money Should Follow the Student
- Simple and Transparent
- Equitable
- Flexible

Mr. Headlee identified five components to the funding formula:

1. Basis for Formula - Student-Centered, Resource Allocation, Hybrid
2. How Students are Counted - Attendance or Enrollment, and How Often
3. Number of Budgeted Distributions (line items)
4. Flexibility of Expenditures - High, Moderate, Low, Sliding Scale
5. Accountability and Transparency

Mr. Headlee walked the committee through how Idaho fits into each of the five components. He noted:

1. Basis for Formula - Resource Allocation where support units drive staffing allowances
2. How Students are Counted - Average Daily Attendance determines support units
3. Number of Budgeted Distributions – 35 (24 statutory and 11 non-statutory)
4. Flexibility of Expenditures – Moderate (78% fixed, 22% discretionary)
5. Accountability and Transparency – Idaho's Accountability Framework, Continuous Improvement Plans, and Performance Certificates for Charter Schools

Senator Mortimer noted that the committee should remember that Idaho is working toward mastery-based education and to continue to consider that element.

Mr. Headlee and Ms. Lockett developed a matrix using the five components that compare Idaho with seven other states (Massachusetts, Indiana, Utah, Nevada, Maryland, California, and Oregon). The matrix can be viewed in its entirety at: [https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2017/interim/170814\\_psff\\_170814\\_PSFF\\_Options%20for%20Moving%202.pdf](https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2017/interim/170814_psff_170814_PSFF_Options%20for%20Moving%202.pdf)

Ms. Lockett noted that the seven states were selected for various reasons, including being ones with funding formula successes, ones with relatively similar size and geographical challenges as Idaho, one with a special approach to accountability and flexibility, and one with a major shift in its formula.

She walked the committee through aspects of the matrix and compared how each of the seven other states approach public education.

Speaker Bedke requested a comparison of how each of these states use local property tax funding. The committee discussed how an outside consultant might be able to add expertise around equalization and compare the use of local funds in other states and its applicability to Idaho.

The committee and Ms. Lockett discussed how terms are not uniform in all states, and that they are not exhaustive or definitive, but that nuance and more specifics can be addressed as the committee's work moves forward.

Senator Mortimer requested exact numbers in order to compare the base

amounts and additional components (ELL, special education, at-risk). He also noted that bonds and levies are local components, and the committee needs to understand what's happening state-wide.

The committee requested more information regarding: teacher contracts for districts with enrollment swings, distribution schedules, how other states fund construction costs and capital expenditures on growth and replacement bases, clarity on terminology, and whether other states have made moves toward mastery in their funding.

Co-chair Horman encouraged committee members to use the provided blank matrix to compile ideas and questions regarding comparison of state components.

Mr. Headlee expressed that the matrix can be expanded and added to in order to address more components.

### **Track 2: Adjustments to Statutory Distributions**

Examples of Adjustments to Statutory Distributions:

- Additional Math and Science Requirements
- Classified Staff Funding
- Facilities Funding
- CTE Technical High School Added Distribution

The committee and Mr. Headlee discussed the costs of schools number and the history of the current statutes and a previous lawsuit, set-aside funds, maintenance dollars, and the definition of student-occupied.

**PRESENTATION: ATTORNEY GENERAL LETTER REGARDING SCHOOL FUNDING FORMULA, CHAPTER 10, TITLE 33, IDAHO CODE**

**PRESENTER: Brian Kane, Office of the Attorney General**

Co-chair Horman previewed Mr. Kane's presentation by noting that earlier this year she had requested an opinion from the Attorney General's office regarding any legal parameters the committee might need to abide within as it discusses a new funding formula or modifications and the transition process.

Mr. Kane stated that the letter issued in response to the request walks through the parameters, and he highlighted a few key points. He noted the legislature is charged by the Idaho constitution to establish and maintain a general, uniform and thorough system of public free common schools. He reflected that whatever the legislature does in this area, they must ensure that it applies evenly in three primary areas: school facilities, instructional programs and textbooks, and transportation. He added that any changes need to apply to every school district involved, particularly the most vulnerable ones. He encouraged the committee to maintain uniformity across the board wherever changes are made. Mr. Kane noted that the legislature has a tremendous amount of discretion in the education funding area, around which it's difficult to set hypothetical boundaries.

Mr. Kane and the committee discussed the definition of "textbooks" in relation

to new technology, and the legislature's definition of the content of a thorough system of public schools.

## **COMMITTEE DISCUSSION**

### **OPTIONS FOR MOVING FORWARD**

Co-chair Horman noted that the committee's resolution enables only the committee to hire an outside consultant. She opened conversation on how the committee might want to proceed in bringing in the expertise the committee needs.

Senator Mortimer stated that they need to proceed as rapidly as possible to get those who can help the committee move ahead with specifics and final criteria.

Senator Mortimer moved that the co-chairs, after consultation with the Speaker and the Pro Tempore, have the authority to contract with whatever consulting groups or individuals as necessary to further the work of the Public School Funding Committee. Senator Bayer seconded the motion. The motion carried unanimously on a voice vote.

Co-chair Horman noted they would move forward as expeditiously as possible.

Co-chair Horman reflected on the need for local expertise. She and the committee discussed the areas where local perspective is needed and where work groups could be helpful, including: health care, facilities, transportation, specific distribution line items (at-risk, ELL, special education, Medicaid), and local contribution. The committee also discussed issues related to a base + weights formula.

Co-chair Horman said the committee would like the extra column added to the matrix to address local contribution and what it looks like in other states.

Dr. Clark stated that she thinks it's important that the local contribution be divided and be clear regarding what is bonded indebtedness and what is so-called supplemental. She reflected that most school districts are making the case that their levies are not supplemental, but that they are in fact local operating levies, because they're paying for things like school days. She added it could be confusing if the two are lumped together.

### **PRESENTATION: BLUUM'S FUNDING FORMULA SIMULATOR**

#### **PRESENTERS: Terry Ryan and Marc Carignan, Bluum**

Co-chair Horman introduced Bluum, noting that the committee requested a presentation of the simulator that Bluum had developed. The simulator shows what the formula looks like on a spreadsheet and shows how variables can be adjusted to affect the overall formula.

Mr. Ryan described his work at the nonprofit Bluum to create more new school seats. He has worked with the Albertson Foundation for four years on their school funding initiatives and with private lenders for new school construction of several charter and private schools in Idaho. He described some of Bluum's early lessons learned in Idaho including:

- Per pupil funding varies significantly by zip code
- Per pupil funding varies significantly by public school type (e.g. public district

& public charter)

- Idaho's funding system is inequitable: no correlation between per pupil funding and student need/demographics; there is little correlation between spending and outcomes

Mr. Ryan also described other takeaways for Bluum:

- Idaho has the worst of both worlds when it comes to school funding – low per pupil funding and up to 25 highly regulated funding silos that drive and limit how dollars can be spent (lengthy Data Acquisition Calendar, Idaho Education Code and IDAPA rules)
- Idaho's performance data is not timely and hard to access because of a cumbersome regulatory apparatus (who is in fact in charge – ISBE, ISDE and/or Idaho Data Management Council?)
- Despite challenges and constraints, Idaho has a decent ROI when it comes to public education (e.g. 2nd lowest per pupil funding and just about average national academic outcomes)

Mr. Carignan described how Bluum created its model, based on Bluum's belief that student-based budgeting allocates state funding according to student needs. Bluum's prerequisites for an effective student-based budgeting (SBB) system include:

- Accurate historical financial data
- Accurate historical student demographic data
- Accountability system focused on student outcomes

Mr. Carignan explained that in a student-based budgeting system, funding follows students to the schools they attend and that the funding a district or school receives reflects educational needs of its students.

Mr. Carignan described what he believes are the advantages of student-based budgeting, including that student-based budgeting improves funding equity, as well as:

- Efficiency: funding is directed to where it is most needed
- Transparency: formulas clearly indicate how dollars are allocated and policymakers can evaluate and adjust as needed
- Flexibility: frees districts from spending on a particular basket of education goods and encourages spending as needed to best meet student needs
- Innovation: In turn, greater flexibility spurs innovation

Mr. Carignan elaborated on what Bluum believes are the advantages of student-based budgeting vs. seat time (ADA) funding by comparing the two models.

He explained that in the Seat Time (ADA) model:

- Current (major) funding inputs: enrollment, attendance, staff characteristics
- Input focus – funds in controlled silos; reporting/compliance is about how the funds are spent
- Teacher/student ratio & seat time drive funding
- Legislature decides school activities and how much of each activity by relative funding value

In the Student-Based model:

- Major funding inputs: enrollment, student characteristics
- Outcome focus – funds are provided based on need and desired outcomes
- Student needs drive funding
- School leaders decide on how to best serve their distinct school population

Mr. Carignan described the seven variables that can be adjusted in the simulator including:

1. Funding streams
2. Equalize or not, if so, how
3. Increase or decrease statewide budget
4. Set a base funding amount per pupil
5. Choose student characteristic weights
6. Kindergarten funding choices
7. Address small districts

Mr. Carignan demonstrated the simulator, which operates in an Excel spreadsheet. State funding data from 2015-2016 is built into the model.

Dr. Clark followed up with a question about equalization. Mr. Carignan explained equalization in the model, and Dr. Clark noted that she believes the given example would only work in a "What if?" model and her concern that the Boise School District is an outlier in the system based on its historical levy. She urged the committee not to use Boise's data as the basis for decisions moving forward because she does not believe it gives a true picture.

Co-chair Horman noted that Dr. Clark is correct in her thinking and that this is just one example of how to discuss equalization among many possible models and outcomes.

Senator Mortimer asked if there would be a copy of the formula available to test different scenarios.

Mr. Carignan stated the model is available on their website to be publicly accessed. It can also be accessed on legislative computers or be emailed. He noted that the data can be manipulated in many different ways.

Senator Mortimer asked whether the simulator has the ability to see the cost to districts if levies are not taken into account in the formula. Mr. Carignan stated that everything in the output changes with changes in variables. Senator Mortimer clarified that he was asking whether supplemental levies can be added back on to the total number if they hadn't originally been taken into account. Mr. Carignan stated that it would be possible to calculate this figure with the addition of a new column.

Mr. Ryan and Mr. Carignan stated that Bluum is available to help the committee work through the simulator. Co-chair Horman stated that the committee is interested in pursuing that option.

**COMMITTEE  
DISCUSSION**

Co-chair Horman discussed the book "The End of Average" by Todd Rose and recommended his related TED Talk and other presentations.

The committee discussed the next meeting and will continue to work to choose a date.

**ADJOURNMENT:** The committee adjourned at 11:40 A.M.