

MINUTES
Approved by the Committee
Public School Funding Formula Committee
Monday, October 16, 2017
9:00 A.M.
EW 40
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 Pete Koehler on behalf of Sherri Ybarra, Superintendent of Public Instruction.
- ABSENT/ EXCUSED:** Speaker Scott Bedke
- ATTENDEES:** Representative Ryan Kerby, District 9; Representative Gayann DeMordaunt, District 14; Tim Hill and Julie Oberle, State Department of Education; Tracie Bent and Blake Youde, Office of the State Board of Education; Marilyn Whitney, Office of the Governor; Gideon Tolman, Division of Financial Management; Tamara Baysinger, Idaho Charter School Commission; Fred Birnbaum, Idaho Freedom Foundation; Jeff Dillon, Wilder School District; Rob Winslow, Idaho Association of School Administrators; Karen Echeverria and Jess Harrison, Idaho School Boards Association; Kari Overall, Idaho Education Association; Clark Corbin, Idaho Education News; Sue Wigdorski, Idaho Education Association; Matt Compton, Idaho Education Association; Jacob Smith, Idaho Digital Learning Academy; Zack Brooks; Elizabeth Corner; Dwight Johnson, Idaho Career & Technical Education; Legislative Services Office (LSO) staff: Paul Headlee, Robyn Lockett, Brooke Brouman, and Tetiana Powell.
- NOTE:** Copies of presentations, handouts, and reference materials can be found at 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-materials/>
- CONVENED** Co-chair Horman called the meeting to order at 9:03 A.M.
- WELCOME AND INTRODUCTIONS** Co-chair Horman welcomed those in attendance and reviewed the agenda. The committee approved by voice vote the minutes from the September 22 meeting.
- STAFF PRESENTATION:** **SUMMARY OF CURRENT STATUTORY AND OTHER PROGRAM FUNDING DISTRIBUTIONS**
- PRESENTER:** **Paul Headlee, Division Manager of Budget and Policy Analysis, Legislative Services Office**

Mr. Headlee presented the spreadsheet with the list of public schools support program distributions. The columns indicate the FY 2018 original appropriation, Idaho Code or appropriation bill language, and the description of each distribution. The last three columns determine what is or what is not in the base amount per student. Mr. Headlee said the committee is going to have to determine whether to include the distribution in the base amount per student or not. The spreadsheet is the tool that will help summarize and show the dollar amount per student. The data is based on the current FY 2018 appropriation and fall of 2016 enrollment.

Co-chair Winder asked if Mr. Headlee could project the revenue growth to show the impact it will create per student. Mr. Headlee responded that it's possible based on revenue growth and anticipated growth.

**STAFF
PRESENTATION:**

**WEIGHTED FUNDING FOR SPECIFIC STUDENT POPULATIONS IN
STUDENT-CENTERED FUNDING FORMULAS**

PRESENTER:

Robyn Lockett, Principal Budget and Policy Analyst, Legislative Services Office

Ms. Lockett did a brief presentation on adjustments to an education funding model in different states. Once the base funding amount per student is established, the state can weight additional funds for targeted student populations. The three most common weights are:

- At-risk and low-income students who qualify for free or reduced-priced lunches through the National School Lunch Program.
- Limited English proficiency and English language learners
- Special education for students with disabilities

Co-chair Horman noted that this is a very important issue and will be discussed in future interim committee meetings.

Peter Koehler asked the committee to consider federal funding regarding programs such as USDA and meals for children.

PRESENTATION:

COUNTING STUDENTS BASED ON ENROLLMENT

PRESENTER:

Tim Hill, State Department of Education

Mr. Hill started his presentation with the attendance rate. The attendance rate is calculated as attendance divided by enrollment. Average daily attendance divided by the yearly enrollment date is the average daily attendance rate. In Idaho the average is 94.7%. Mr. Hill said moving from an ADA funding model to an enrollment-based funding model that is revenue neutral and based on a 95% attendance rate will generate unintended consequences. It will generate larger support distribution revenue to schools that have lower than 95% and smaller revenue to those that have higher than 95%. This problem has become a roadblock to changing the funding model from ADA to enrollment-based.

Mr. Hill used the 95% average when calculating the attendance/enrollment divisors and minimums to achieve a revenue neutral approach in the slides presented to the committee.

Mr. Hill spoke about hold harmless. Problems arose when trying to find a way to change school districts and charter schools from ADA to enrollment funding. An option to be considered is to use a larger percentage than 95% to convert the attendance divisor table to an enrollment divisor table.

Mr. Hill addressed current year vs. prior year enrollment. Some schools use prior year enrollment; however, it has been found that current year student counts provide a better match of current year revenues and expenditures. Also, the collection and reporting of enrollment has historically been the first Friday of November. It takes time to figure out exactly the number of students who are enrolled. Mr. Hill proposed that the first Friday in November be held as the reporting date and also be used as the first point in time to be used to measure the enrollment for funding purposes. The first Friday in May as the final enrollment date would provide increased funding stability and predictability.

Mr. Hill went over statutes to amend or repeal. He said that the list presented is not exhaustive, just some ideas he was able to think of, such as various definitions and average daily attendance.

Senator Bayer asked Mr. Hill to detail percentage of representation of units that are above and beyond vs. fractionalization of a unit. Mr. Hill did not have the information available at the time, but would provide it at a later date.

Senator Mortimer asked Mr. Hill if there was an example of who would be a winner or loser if the 95% was held. Mr. Hill gave an illustration of how the 95% model compares to the ADA. Senator Mortimer followed up asking Mr. Hill for an opportunity to think about the dollar amount while considering \$70.9 million vs. 95%. Mr. Hill answered he would only be able to answer this if he had the attendance rates for every school district and charter school in the state. He questioned the possibility of being able to do this. Mr. Hill explained his reasoning of using the 95% rate.

Representative McCrostie said he is concerned about the divisors and the percentage rates and tenth of percentage rates. He noted some students are in school for a day, some are there for half a day. Elementary students are there for whole days at a time. Representative McCrostie asked Mr. Hill if there is a way to account for rounding at the elementary level enrollment. Mr. Hill confirmed there is a way and the outcome would modify the dollar amount. The tenth of percentages have to do with the support units. Fractions of enrollment occur at every level.

Senator Den Hartog asked if the state moved towards enrollment for a student-based funding formula, what role do support units play. She asked if support units calculations at the state level will still be needed if there was a move to an enrollment and student-based funding model. Mr. Hill said that support units go away if there was a move to a per student-based model.

Dr. Clark asked if members of the committee are privy to the methods and models of other states that use enrollment-based funding models. Mr. Headlee confirmed that his department does have numbers on other states that use average daily attendance vs. enrollment average.

Co-chair Winder asked if it is more beneficial to move to a monthly enrollment count or if it would be better to keep it at three times per year. Mr. Hill said the objective is to collect sufficient data that would generate something that is representative of what is going on in each one of the programs, while limiting the data burden.

PRESENTATION: IMPACT ON CAREER TECHNICAL EDUCATION BY USING A STUDENT-BASED ON ENROLLMENT MODEL

PRESENTER: Dwight Johnson, Career Technical Education

Mr. Johnson stated that his division is passionate about CTE's mission to prepare Idaho's youth and adults for high-skilled, in-demand careers and provided background on administering appropriation for CTE programs across the state. He addressed the challenges that current technical high schools face with implementing an ADA formula in an effective and efficient way. Mr. Johnson believes an enrollment-based system would be much more appropriate to determine and distribute funding for current technical high schools, it would improve data accuracy, and it would help to standardize reporting.

Senator Mortimer asked Mr. Johnson if he anticipates an increase in funding. Mr. Johnson said that the goal is to increase enrollment in CTE programs in the future. Senator Mortimer followed up and asked if the current existing funding could be used in an enrollment model. Mr. Johnson acknowledged that this is correct.

Senator Den Hartog asked if measuring enrollment would capture all of the costs, or if a weight for CTE students would be needed. Mr. Johnson confirmed that there are different weights for programs and different costs for programs and these need to be reevaluated because of the ever-changing technology of these programs. Senator Den Hartog followed up asking whether the weights would be broken down into specific program costs internally rather than the state calculating these separate costs. Mr. Johnson confirmed that is what is done with the current cost funding.

PRESENTATION: TIMING OF DISTRIBUTIONS TO SCHOOL DISTRICTS AND CHARTER SCHOOLS

PRESENTER: Julie Oberle, State Department of Education

Ms. Oberle began her presentation with the current distribution schedule and how those payments are calculated. Idaho Code 33-1009 requires public school support funds be distributed in four payment on August 15, November 15, February 15, and May 15. The August payments is approximately 50% of the funds for the year. The November and February payments are 20% each. The May payment is 10%. There are exceptions to this rule. Charter schools sometimes have funding problems and these are addressed and calculated in the payment schedule. Ms. Oberle went into great detail explaining how attendance percentages, support units, and funding schedules affect salary and benefit apportionments. The public school general fund appropriation for the year was \$1.7 billion. Of that amount, approximately \$177.9 million was set aside for special distributions. Of the remaining \$1.5 billion for public school support, 50% was distributed on August 15, 20% was distributed on November 15, 20% was distributed on February 15, and 10% was distributed on May 15. Idaho Code states that the dollars that accrue to the public school income fund will be distributed in February, May, and July. Of the \$1.7 billion that will be distributed in FY 2018, nearly 86% of it will be distributed

to schools based on student attendance. Support units are determined as the greater of ADA divided by the support unit divisor or the minimum from the support unit divisor table, in Idaho Code 33-1024. There are five categories in this table. The first category is kindergarten, with a divisor of 40. The second category is elementary grades 1-6, where the divisors range from 23 to 12. The third category is for secondary grades 7-12, where divisors range from 18.5 to 12. The fourth category is for the calculation for exceptional support units, with a divisor of 14.5. The fifth category is for alternative schools grades 6-12, with a divisor of 12. Alternative schools are not subject to the minimum hours per day for attendance. Instead, when an alternative student is there for 25 hours for the week, one ADA is generated.

Ms. Oberle also discussed Attendance/day in session. Per IDAPA, a school day is counted as a day in session when the school is open and the students are under the guidance and direction of teachers in the teaching process. In practice, the SDE does not fund more than one ADA per student.

Ms. Oberle spoke about the ISEE (Idaho System for Education Excellence) submission schedule. Attendance, enrollment, and staffing information are submitted in October, November, March, and May.

Questions were asked of the presenters and the committee discussed the following topics:

- Advantages of monthly payment schedules
- Minimum account balance buffer
- Interest cost percentages
- ADA vs. Enrollment system transition period
- Recourse vs. student-based models

LUNCH BREAK

Co-chair Horman called a recess of the committee for lunch at 11:40 A.M. and reconvened the meeting at 1:20 P.M.

Mr. Headlee provided the memorandum on how other states address student mobility in their K-12 funding formulas in response to Dr. Clark's question earlier in the meeting. Dr. Clark clarified that her main concern was the lengthy period for implementing the model.

PRESENTATION:

PERFORMANCE CERTIFICATES FOR IDAHO'S PUBLIC CHARTER SCHOOLS

PRESENTER:

Tamara Baysinger, Idaho Charter School Commission

Ms. Baysinger presented the contents of the performance framework that applies to the public charter schools authorized by the commission. She said that the central concept of public charter schools is to trade increased accountability for increased autonomy. The desire is to provide not just additional choices, but high-quality choices for students and educators. In 2013 legislation, the commission was required to develop performance certificates and frameworks clarifying the quality standards to which public charter schools would be held accountable.

The purpose and goals of a performance framework are to:

- Guide (not dictate) high-stakes decision-making
- Establish clear expectations for performance outcomes
- Provide schools with regular feedback & opportunity to correct
- Fulfill statutory requirements
- Avoid additional reporting burden
- Make meaningful comparisons
- Tailor to different models and demographics
- Maintain commitment to context & uniqueness

The outcomes performance framework considers:

- Proficiency (ISAT, Math & ELA)
- Student-level growth
- Graduation rate
- Mission-specific indicators (optional)
- Operational outcomes
- Financial outcomes
- Individualized, contextual information

The committee members and Ms. Baysinger discussed how detailed the measures are for each charter school, whether the framework could apply to traditional public schools, and what the main differences are between a performance framework vs. an accountability system.

PRESENTATION:

OUTCOME MEASURES IN A NEW STUDENT-CENTERED FUNDING FORMULA

PRESENTER:

Blake Youde and Tracie Bent, Office of the State Board of Education

Mr. Youde presented to the committee the Idaho Statewide Accountability System. He started by speaking briefly about the Every Student Succeeds Act and the statewide accountability framework. He presented and discussed with the committee topics including:

- English language learner proficiency
- State satisfaction and engagement survey and student achievement
- High school graduation rates
- K-8 indicators
- High school indicators
- Alternative high school indicators
- School district results
- Population subgroups
- Performance expectations
- College and career readiness
- ISAT 95% participation rate and school district score ratings

- Summative scores of school buildings vs school districts
- Annual continuous improvement plan
- College entrance exams
- College and career advising plans
- 8th grade learning plans
- Number of high school graduates with CTE certificates
- Military-bound students

Mr. Youde had the committee look at the fold out chart detailing the student-centered funding formula split up by subgroups. It is an example of what the legislators would be able to look at in the future. It shows all of the measurable indicators that are in the accountability framework at this time. It is a good illustration for people to visually see information and how it affects students, school districts and state government. The committee discussed technical details of the trajectory growth model and specific targets.

The committee also discussed: federal government accountability scores; various elements left out of No Child Left Behind scores; traditional public school report card comparisons; environmental descriptions and demographics; and the data reporting committee and making this data available to school districts, families and community members.

**COMMITTEE
DISCUSSION:**

The topics discussed were as follows:

- The opportunity for the committee to preview the discussed legislation before heading into session and how much time staff would need to prepare for this type of work
- Statutes that need to be amended or repealed
- The selection of a specific conversion percentage
- Winners and losers and the equitability of such
- Transition to enrollment-based formula and weights that need to be considered while considering line item elimination
- Any possible issues that need to be addressed in adapting this enrollment system
- Problems occurring with school districts making personnel decisions based on estimated enrollment
- Examples of other states making the transition to enrollment-based models
- Accountability concerning funding, results, and incentivization and benefits of said changes to Idaho students
- Line items and suggestions of what items can be eliminated or combined in order to give districts more flexibility on the controls on how the funds are used

FUTURE MEETING: The committee will meet on Monday, November 13, at the State Capitol.

ADJOURNMENT: The meeting adjourned at 3:00 P.M.