

MINUTES
Approved by the Committee
Public School Funding Formula Committee
Thursday, October 25, 2018
8:00 A.M.
Room EW 42
Boise, Idaho

- MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Cliff Bayer, Lori Den Hartog, and Janie Ward-Engelking; Representatives Julie VanOrden, Sage Dixon, and John McCrostie; and nonlegislative members Dr. Linda Clark, State Board of Education, and Sherri Ybarra, Superintendent of Public Instruction.
- ABSENT/EXCUSED:** Representative Scott Bedke
- ATTENDEES:** Representative Ryan Kerby, District 9; Representative Scott Syme, District 11; Representative Lance Clow, District 24; Tracie Bent, Office of the State Board of Education; Tim Hill, Tim McMurtrey, and Julie Oberle, State Department of Education; Gideon Tolman, Division of Financial Management; Mike Griffith and Emily Parker, Education Commission of the States; Emily McClure and Blake Youde, Idaho Charter School Network; Rob Winslow, Idaho Association of School Administrators; John Foster, Kestrel West; Tom Greene, ExcelinEd; Bobby Forese and Cynthia Gibson, Idaho Walk Bike Alliance; Quinn Perry and Karen Echeverria, Idaho School Boards Association; Jenn Thompson, Idaho Charter School Commission; Tom LeClaire, Coalition of Idaho Charter School Families; Julie Mead, Dr. N. Shalene French, April Burton, Cheryl Sanderson, and Jodie Mills, Caldwell School District; Gregg Russell, Nampa School District; Eric Exline and Jonathan Gillen, West Ada School District; Bryan Fletcher, Blaine County School District; Phil Haunschild, Idaho Freedom Foundation; Paul Stark and Kari Overall, Idaho Education Association; Clark Corbin, Idaho Education News; Sandra Benitez, Pathways in Education; Will Goodman, Idaho Education Technology Association; Cindy Wilson, Doug Park, and Cheryl Miller. Legislative Services Office (LSO) staff: Paul Headlee, Robyn Lockett, Brooke Brouman, and Olivia Johnson.
- 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/2018/interim/psff/psff-materials/>.
- CONVENED:** Co-chair Horman called the meeting to order at 8:00 A.M.
- WELCOME AND INTRODUCTIONS:** Co-chair Horman welcomed the public and legislative members in attendance. She expressed the committee's appreciation for public participation in the process of reviewing another draft of the new funding formula. **Senator Mortimer moved to approve the minutes from the September 24th meeting, Senator Bayer seconded the motion, and it was approved unanimously.**

Co-chair Horman noted that the committee received a letter from the Idaho Education Association, Idaho School Boards Association, and Idaho Association of School Administrators, but it was not received in time to be included as an agenda item. She said it will be included in the committee's final report and forwarded to the germane committees.

PRESENTATION:

PRESENTATION OF THE THIRD DRAFT OF THE NEW FUNDING FORMULA

PRESENTER:

Mike Griffith and Emily Parker, Education Commission of the States

Ms. Parker reviewed the beta testing process and purpose. She said that ECS used beta testing to gather input from a wide cross section of stakeholders, to check ECS's work, and to reinforce that the formula is logical. She said that the 71 beta testers included school business officials, superintendents, school board members, legislators, legislative staff, and others involved in education policy. She noted that the feedback provided by testers was used in conjunction with the committee's suggestions to revise the model, including correction of a math error in the second version of the formula. She emphasized that the creation process has been open and inclusive by utilizing public meetings, online surveys, meeting with individuals and groups in Idaho, making decisions in public, and the inclusion of so many individuals during beta testing of the model. Ms. Parker stressed this is an ongoing process and ECS is still accepting and requesting feedback from anyone reviewing the model.

Mr. Griffith presented updates to the funding model:

- The small building adjustment. This mirrors what is in the current law and applies to small isolated schools and consolidated districts.
- The large district adjustment for districts over 20,000 students. Research indicates there is a diseconomy of scale, so a small increase was made for the two larger districts. The weight provided to these districts can be adjusted in the model.
- The district wealth adjustment for low-wealth areas. It is based on the current "facilities wealth measure" for capital funding. Mr. Griffith suggested that the committee consider using property value per student or per capita. Currently, the Bond Levy Equalization Index takes into account property value, income, and unemployment by county, but Mr. Griffith said it can result in double counting; it also looks at number of positions generated and not enrollment.
- The gifted and talented funding was changed from a dollar amount to a weight to match the other adjustments.

Co-chair Horman reiterated that the goal of the new formula is to simplify the process by providing a base amount per student and then adding weights based on certain student populations or district conditions. Mr. Griffith said he believes that, with the new formula, schools will have the ability to calculate how changes in enrollment and student need will affect funding, which they can't currently do.

Mr. Griffith demonstrated the third draft of the formula using the ECS recommended weights of:

- At-Risk Students: 0.1 moving to 0.25
- English Language Learners: 0.1 moving to 0.35
- Gifted and Talented: 0.02 (for 10% of students)
- Special Education: 0.4 moving to 1.0
- Small District Adjustment: 330 elementary and 840 secondary

He noted other states have slowly phased in the formula over a period of years. He suggested multiple weights for special education and indicated that weights should not just be a category, but also be broken down by the services needed. He noted that Texas uses 14 different weights. Weights were increased for kindergarten through third grade and then again for ninth through twelfth grade to provide age-related resources.

Senator Den Hartog asked for a review of how "at-risk" is defined. Mr. Griffith stated that currently there must be a separate alternative school building for districts to get funding for at-risk students. He said that this can be manipulated to maximize funding for some districts or lead to other districts not being eligible for funding if no alternative schools exist in the district. ECS has used the Title I count, which measures the number of economically disadvantaged students, turned in by schools to calculate at-risk numbers; ECS recommended the committee consider other options for reporting these students as better measures become available. Mr. Griffith demonstrated the small district and small school building adjustment on the spreadsheet. Senator Mortimer asked for an explanation of the numbers used in the small district adjustment. Mr. Griffith stated the numbers are based on current line items, and mirror what is currently done.

Mr. Griffith demonstrated the large district adjustment for Boise and West Ada, currently the only districts with more than 20,000 students. He asked the committee to consider whether they wanted to include this adjustment. He noted that it is possible to view what percentage of the total budget each district receives. Co-chair Horman clarified that the new formula not only takes into account the number of students enrolled, but also the attributes of the students to determine funding.

Mr. Griffith then demonstrated the district wealth adjustment. The capitol wealth adjustment is currently used, but he suggested looking at property value per student, but noted there will be winners and losers either way. He described that an adjustment is only made if the district is below the state's average wealth, and that adjustment can be capped. He said that because there is a set education budget, adjustments made in one category can create a negative impact to another district and that ECS recommends a slow transition.

Mr. Griffith reminded the committee and attendees that the formula

compares 2017-2018 data, the most recent numbers available, under the current formula and under the new formula. The cap has been changed so that the cost of hold harmless with cap no longer produces a negative number. He said that the formula currently is set to cap at 7.5%, but under the new formula, some districts would gain 30%. To avoid huge increases, ECS recommends a cap gain during the transition. Representative McCrostie asked if there is a way to show the percentage of increase over time, rather than just a dollar amount. Mr. Griffith indicated the budget estimating tool can be linked to the main spreadsheet and used for those calculations.

**COMMITTEE
DISCUSSION:**

The committee discussed whether or not to include wealth adjustments and final decisions on weights.

Senator Mortimer identified the wealth adjustment as an important indicator and wanted the formula to show the data, even if it is not used as a decision point. Mr. Griffith said he would add the adjustment and the option of the current measure or property value per student. He noted that there is a group of districts that currently show strong decreases under the new formula; they are medium-wealth, medium-to-small districts that do not have large numbers of students within the weighted categories. He said he would look at the small school district adjustment and wealth adjustment to see what can be done for those districts and verify that the numbers are correct. Mr. Griffith reiterated that any input, questions, and comments are still welcome and encouraged.

Co-chair Winder asked about the hold harmless. He wondered whether adding a negative weight for Boise would balance its funding structure. He noted that because Boise gets more per student already, adding the weights might disadvantage other districts to Boise's benefit. Mr. Griffith responded that he was unaware of any other state with a funding method like Boise's. He noted that Texas and Vermont use recapture to share extra money raised locally with the rest of the state, and that other states use a mix of state and local funding, while Idaho relies on state funding. Mr. Griffith was unsure of how to address this variation without running into constitutional problems.

Co-chair Winder asked if the weighting will affect the hold harmless or if other funds would be available. Mr. Griffith said that it is possible to make three- and five-year projections. He indicated that growing and shrinking in the district can affect future outcomes, and districts that could be losers initially could be winners in a few years; districts growing faster than the state average would gain more funding. He advised adding safeguards for shrinking districts.

The committee discussed the base amount of funding per student. Co-chair Winder asked what the current base amount per student is, if the base in the new formula is \$4,200, and expressed concern that the new formula could penalize the average student. He said he believes it will be a balancing act to meet the needs of students who don't fall into weighted categories. Co-chair Horman questioned if there is an

average student currently in the system. Mr. Griffith stated the formula indicates funding at \$5,460 per student if all weights and adjustments are removed and total funding is divided by total student population to figure average state funding per student; if weights and adjustments are included, it becomes \$4,200 per student. He noted this does not include the 15 line items excluded from the formula. Mr. Hill said he believes that Mr. Griffith's numbers per student were reasonable. He noted that the Boise School District is able to certify a budget without an election, but 93 other districts use supplemental levies totaling \$195 million. He explained those funds aren't shared and charter schools don't have taxing authority. Co-chair Horman noted a weight related to property wealth is a step towards addressing this issue. Mr. Griffith said he would include a wealth adjustment for property wealth per student.

Mr. Griffith asked for the committee's final recommendations on weights. Co-chair Winder said he supported the weighting adjustment over a three-year period and that a transitional period will provide an opportunity to figure out a tiered system for special ed. Senator Den Hartog agreed with Senator Winder. Co-chair Horman said she would like to provide the germane committees with as many options as possible and relay the input the interim committee has received. Mr. Griffith said he would like to make the formula public by the following week. Co-chair Horman clarified questions on the model and the process moving forward. Mr. Hill asked how property values for charter schools would be factored in. Mr. Griffith replied it is a difficult question and that states measure this differently. He said that some use relative wealth of the district the school is in, while others make no adjustment, and some require local districts to share with charter schools. Idaho does not share local revenue, so Mr. Griffith said no adjustment was made. Senator Ward-Engelking asked how facilities funding will be accounted for in the new formula. Mr. Griffith responded that facilities money still exists outside of the formula.

PRESENTATION:

NEW FUNDING FORMULA COMMUNICATION DISSEMINATION PLAN

PRESENTER:

Education Commission of the States

Co-chair Winder clarified his earlier remarks, saying that he does not want to take money away from the Boise School District, but was trying to address the cost of these adjustments and still hold harmless.

Ms. Parker said ECS will be creating two products for the committee: a two-minute video and a 1-2 page accompanying explainer. She posed the following questions to the committee and encouraged the committee to select one for the video:

- Who is the audience for these materials - the Legislature, the district staff, and/or the public?
- How will it be distributed - legislative proceedings, posted to website, or emailed to districts?
- When will it be distributed - now, during session, or after legislation is passed? She noted ECS can always edit, but needs to know the timeline and anticipated life of the video.

- How to brand the video - with ECS colors, the state, or neutral?
- What's the purpose - to explain, advocate or direct viewers to additional material?

**COMMITTEE
DISCUSSION:**

Senator Mortimer questioned whether a two-minute video could address these topics. Ms. Parker responded that most people won't watch a video more than two minutes and viewers will be directed to the explainer for more information. Representative Horman agreed. Representative McCrostie agreed with a two-minute video and asked for more information on the explainer. Ms. Parker responded it would be an infographic to be used in conjunction with the video. Representative McCrostie thought maybe all three should be addressed in a broad-reaching video for all three audiences. Ms. Parker hoped it could be narrowed down to a primary purpose with an emphasis on the first bullet point. Senator Den Hartog said that she saw the district staff and legislature as the audience, but also expressed support for the focus to be on advocacy, which might be more appealing to the public rather than to district staff or to the legislature. She said she would like to see the video ready to share prior to the session. Co-chair Winder and Dr. Clark expressed support for an explanation of "why" the committee has recommended the new formula. Dr. Clark said she's not sure that the "what" is ready to be discussed. She noted large districts have expressed serious concerns about the model and that the career ladder still needs to be addressed. She said she is supportive of talking about why there was a need for change and recommendations from the task force, but she is unsure about what will be recommended. Ms. Parker said that a rough cut of the video will be presented at the November meeting in order to have the final video ready in time for session. She said it will address why this change is necessary and then move to an explanatory role.

Co-chair Winder stated that the "what" won't be determined until it goes through the germane committees. He said that he still has questions about the property value wealth adjustment and what the total cost will be and noted the policy and career ladder decisions will happen in the germane committees. Dr. Clark clarified that the committee's final product will be a framework with definitions of elements that should be considered, but the details, i.e. enrollment based, weights, etc., will fall to the germane committees. The co-chairs concurred. Co-chair Horman stated the "what" was presented today and quoted the responsibilities the committee was charged with pursuant to HCR 49.

Senator Mortimer requested further recommendations of where weights should be and why. Co-chair Winder noted he would like recommendations for payments to be in the final report. Mr. Headlee stated he would have recommendations to share with the first draft of legislation. Senator Den Hartog asked about student counts and whether the full allocation follows the student if the student moves. Mr. Griffith responded that, generally, districts front-load payments that follow the student, but this is very difficult. He said it is a state-specific

decision that can be handled in several ways. Representative VanOrden noted virtual schools are also affected by mobile students. Co-chair Horman noted some alternative schools and cooperatives are also affected.

**COMMITTEE
DISCUSSION:**

**COMMITTEE DISCUSSION OF THE FINAL REPORT AND POTENTIAL
DRAFT LEGISLATION**

Co-chair Horman stated that the staff will draft the standard report, ECS will produce a report per their contract, and the committee will bring draft legislation. Co-chair Winder stated that he believes the germane committees will need background information explaining what the committee has done, a section of recommendations in bullet point form, draft legislation, a cost estimate for options presented, and a 1-2 page executive summary consolidated for the public.

Ms. Parker said that ECS will give an overview of public input; the design, structure, and plan for releasing the model; and resources including the ECS proposal, survey results, and press mentions in their final report.

Co-chair Winder noted the ECS report will be an exhibit in the committee's report. Mr. Headlee also noted the Legislative Services Office will use the standard format for interim committees with background and committee recommendations; attachment A will be the ECS report with their methodology, focus groups, etc.; possibly draft legislation; and it will also include an executive summary.

Co-chair Horman asked when the draft legislation will be ready. Ms. Brouman said that a draft is in process and can be changed and revised as needed, which she can share with the subcommittee drafting group at the direction of co-chairs. Co-chair Winder asked when the draft will be ready to share with the subcommittee. Ms. Brouman stated it was ready, but could be adjusted based on the day's meeting discussion for presentation early the following week. Co-chair Winder reminded the committee that their work must end by November 30th, but he would like the subcommittee to continue to work with the draft legislation until the session. Co-chair Horman noted the committee might recruit members of the House Education Committee for that.

Representative Horman excused Speaker Bedke's absence and noted he expressed his full support for the committee's work and direction they were headed. Co-chair Horman commented that she attended a conference on competency-based and personalized learning, and Idaho was held as an example for mastery-based education. She noted they don't want to lose sight that the formula work is foundational to scaling up mastery-based education, and that a student-centered formula is integral to that goal.

FUTURE MEETINGS:

The committee will meet at 1:00 p.m. on November 26, 2018.

ADJOURNMENT:

The meeting adjourned at 10:21 A.M.