

FINAL REPORT  
PUBLIC SCHOOL FUNDING FORMULA  
LEGISLATIVE INTERIM COMMITTEE  
HCR 49 (2018)

Members of the Committee

Senator Chuck Winder, Co-Chair  
Senator Dean Mortimer  
Senator Clifford Bayer  
Senator Lori Den Hartog  
Senator Janie Ward-Engelking

Representative Wendy Horman, Co-Chair  
Speaker Scott Bedke  
Representative Julie VanOrden  
Representative Sage Dixon  
Representative John McCrostie

Sherri Ybarra, Superintendent (Nonlegislative Member)  
Dr. Linda Clark, State Board of Education (Nonlegislative Member)

Legislative Services Office Staff

Paul Headlee, Division Manager, Budget & Policy  
Robyn Lockett, Principal Budget and Policy Analyst  
Brooke Brouman, Public Records Coordinator  
Olivia Johnson, Committee Secretary

## ***EXECUTIVE SUMMARY***

The Public School Funding Formula Interim Committee was authorized by 2018 HCR 49. This was the third year of the interim Committee's work. Previously, the Committee was authorized by 2017 HCR 12 and 2016 HCR 33. The charge of the Committee was to undertake and complete a study of the current school funding formula, which was originally enacted in 1994. Student and staff needs continue to evolve, technology is now prevalent in all classrooms, and school choice, plus student mobility, have changed over the course of the last 24 years. After three years of study, extensive public outreach, and input received from parents, educators, administrators, superintendents, and other stakeholders, the Committee's recommendation is to design a new public school funding formula. The new funding formula will move from Idaho's current resource allocation model to one that is centered on students. The Committee is recommending statutory changes that will allocate additional education dollars to students with greater needs. In a "student-centered" formula, the money follows the student. The districts and charters will be afforded additional flexibility in a funding model that focuses on student outcomes and accountability, instead of prescribed funding inputs. Furthermore, the Committee's recommendations will simplify the current funding formula, providing more transparency and predictability for districts and charter schools.

### ***Committee Charge***

The Public School Funding Formula Interim Committee was authorized by 2018 HCR 49. The charge of the Committee was to undertake and complete a study of the specific changes needed in order to implement the recommendations made by the 2017 Public School Funding Formula Interim Committee, which was authorized by 2017 HCR 12. Those recommendations were as follows:

1. Implement year five of the career ladder compensation system;
2. Transition the Idaho public school funding formula from counting students based on average daily attendance to counting students based on enrollment;
3. Revise the timing, frequency, and portion amounts of payment distributions to public school districts and charter schools;
4. Transition the Idaho public school funding formula from a resource allocation funding formula to a student-centered funding formula that includes a base funding amount per student with weights added thereto for special populations;
5. Provide public schools with more spending flexibility and fewer statutorily required programs and distributions;
6. Incorporate an accountability and fiscal transparency framework that focuses on student outcomes rather than on prescribed inputs; and
7. Ensure that public school districts and charter schools are held financially harmless in totality of state funds during the transition period.

The Committee was also authorized to retain the services of a consultant familiar with education funding policy to provide necessary economic, financial, or other research and services that assist the interim committee and the Legislature in making informed decisions.

## *Meetings*

The Committee met seven times in the State Capitol in Boise:

March 27, 2018  
April 17, 2018  
July 18, 2018  
September 5, 2018  
September 24, 2018  
October 25, 2018  
November 26, 2018

On **March 27, 2018**, the Committee met to consider a proposal by Michael Griffith and Emily Parker of Education Commission of the States (ECS) to develop a new public school funding formula for Idaho. ECS was one of the entities that has provided assistance to the Committee in its goal of improving the State's school funding system. At the conclusion of its March meeting, the Committee agreed to engage ECS to design a new public school funding formula and authorized the co-chairs to negotiate and sign a contract with ECS. On April 25, 2018, ECS and the Idaho Legislature, by and through the Committee, entered into an agreement.

During the **April 17, 2018**, meeting, ECS outlined its plan, goals, intended deliverables, and project timeline. ECS also explained the process of holding regional focus group meetings and invited input from Committee members. Finally, the Committee heard a presentation from ECS on the issue of accountability and funding transparency.

On **July 18, 2018**, the Committee heard a comprehensive summary of the input ECS received during its regional funding formula focus groups and public meetings, as well as from online survey feedback and other in-person meetings. Based on its research, ECS made recommendations to the Committee. Those recommendations included a list of line items to be excluded from the new formula. Specifically, ECS recommended that 14 line items be excluded from the new formula: Transportation, Bond Levy Equalization Support Program, School Facilities Funding (Lottery), Charter School Facilities, School Facilities Maintenance Match, Idaho Digital Learning Academy, Idaho Educational Services for the Deaf & Blind Campus/Outreach, IdOnline Class Portal, Exceptional Contracts and Tuition Equivalents, Idaho Safe & Drug Free Schools (Lottery & Cigarette Tax), Border Contracts, Teacher Incentive Awards (National Board Certification), Advanced Opportunities, and Master Educator Premiums. The recommendation was that these should remain as line items to be funded outside the student-centered base funding.

ECS also recommended that the portion of the funding from the following 20 line items currently distributed to school districts and charter schools be included in the new funding formula: Career Ladder – Salaries, Salary-Based Apportionments (Admin., Classified), Career Ladder – Benefits Obligation, Employer's Benefit Obligation (Admin., Classified), Professional Development, College and Career Advisors and Student Mentors, IT Staffing, Technology, Leadership Premiums,

Literacy Intervention, Content and Curriculum, Math and Science Requirements, Remediation/Waiver (Non-Title I), Limited English Proficient, Student Achievement Assessments, Math Initiative, Mastery Based System, Continuous Improvement Plans & Training, and Innovation Schools. ECS noted that the policies for these line items can be retained in Idaho Code, but the funding for such items would be included in the student-centered base funding amount.

Finally, ECS made recommendations with regard to a student count system, grade weighting, student funding needs, and district funding needs. Of those recommendations, the Committee agreed to:

1. Use a student count system based on enrollment;
2. Provide additional weights in the new funding formula for:
  - (a) Economically disadvantaged students;
  - (b) English language learners;
  - (c) Gifted and talented students in grades K through 6;
  - (d) Students in grades K through 3, and students in grades 9 through 12; and
  - (e) Small and isolated/remote schools;
3. Use multiple student weights in the new formula to reflect categories of services for students who require special education; and
4. Create a hold harmless period of three years to allow school districts and charter schools to best cope with a transition to a new funding formula.

After Committee discussion, and by consensus, the Committee agreed to leave the Leadership Premiums and Technology line items out of the per-student base funding amount. They agreed with all other recommendations made by ECS.

On **September 5, 2018**, ECS presented an introduction of the first draft of a new school funding model. ECS cautioned that the model was constructed around the decisions made at the July meeting, and that it would likely evolve as decisions are altered. The Committee members asked several questions and requested that some adjustments be made to the model.

On **September 24, 2018**, ECS walked the Committee through the second draft of the new funding model. The model had been adjusted since the previous meeting as follows:

1. Weights and adjustments were revised to mirror ECS's recommendations, which include:
  - (a) 0.25 Economically disadvantaged students;
  - (b) 0.35 for English language learners;
  - (c) 0.5 moving to 1.0 for students who require special education;
  - (d) 0.02 for gifted and talented students; and
  - (e) A small district adjustment for elementary schools with 330 or fewer students and secondary schools with 840 or fewer students;

2. Title I was used as the economically disadvantaged count at that time because it was the best poverty measure available from the State Dept. of Education;
3. Average Daily Attendance (ADA) counts were adjusted by +5% (in the absence of enrollment data, the State Dept. of Education recommended the Committee adjust current ADA data up by 5% to get projected student enrollment counts); and
4. A cap was placed on the amount of new funding a district or charter could gain in one year when moving from the current formula to a new one (funding for student growth is outside of this calculation).

ECS informed the Committee, and the Committee agreed, that it would be adjusting the model to include an additional weight for small school buildings, and to compare the 2017-18 funding under the old formula to 2018-19 funding under the new model. This was done to reflect how the state would transition to a new formula, and to calculate the cost of holding districts and charter schools harmless during the transition. The Committee requested that a revised funding model, along with a preliminary final report from ECS, be presented at the October meeting.

On **October 25, 2018**, ECS walked the Committee through the third draft of the new funding model. The model had been adjusted since the previous meeting, as follows, based on information the Committee had received at previous meetings:

1. A small school building adjustment was added for those schools that qualify for the current statutory adjustment;
2. A large school district adjustment was added for districts with over 20,000 students because research shows that large districts can experience a diseconomy of scale, thus producing a higher cost in delivering education to their students; and
3. A district wealth adjustment, calculated by dividing each district's property value by student enrollment, was added due to Committee discussions over the last three years regarding local property tax contributions.

The Committee requested that LSO provide a final report that includes an executive summary of the Committee's three-year history, a bullet point list of its recommendations, and a cost estimate for the options presented. Attachments to the final report may include ECS's final report, as well as draft legislation.

On **November 26, 2018**, the Committee received a final report from ECS, outlining their recommendations (Attachment A). The cost estimate of the various funding options is calculated in the model as the cost of holding districts and charter schools harmless, with or without a cap on how much funding they can gain from the transition. This is shown on the front page of the model. Each cost estimate is based on how the various weights and adjustments are set, which can result in numerous scenarios. The model also includes a budget estimating tool in a separate tab. The Committee also finalized its recommendations to the Sixty-fifth Idaho Legislature.

### ***Committee Recommendations***

It is the unanimous recommendation of the members of the Public School Funding Formula Committee to:

1. Accept the November 21, 2018, version of the funding formula model developed by Education Commission of the States as a recommendation to the First Regular Session of the Sixty-fifth Idaho Legislature.
2. Accept the Final Report from Education Commission of the States as a recommendation to the First Regular Session of the Sixty-fifth Idaho Legislature, including the communication tools created by Education Commission of the States to help disseminate information about the Committee's recommendation.
3. Continue the progress of the Committee's legislation drafting subcommittee through December 17, 2018, at which time that draft shall be submitted to the House and Senate Education Committee chairs.

### ***Attachments***

- (A) ECS's Final Report
- (B) ECS's Description of the New School Funding Formula and the Funding Formula Model
- (C) Letter from the Idaho School Boards Association, Idaho Association of School Administrators, and the Idaho Education Association dated October 19, 2018. It was received after the agenda was already set for the October 25, 2018, Committee meeting; therefore, the Committee agreed that it would be included in the Committee's Final Report and forwarded to the germane education committees. Please note this letter was received before the draft funding model was posted online for the public to review.

### ***Additional Resources***

- Link to Education Commission of the States video about the proposed funding formula:  
<https://youtu.be/8g6TwA3905o>
- A link to the Committee meeting minutes and all other meeting materials can be found here:  
<https://legislature.idaho.gov/sessioninfo/2018/interim/psff/psff-materials/>



# Idaho School Funding Study

## FINAL REPORT

### Public School Funding Formula Interim Committee

MICHAEL GRIFFITH  
EMILY PARKER

The following report is intended to accompany the presentation to the Public School Funding Formula Interim Committee (the committee) on November 26, 2018. It details the work of Education Commission of the States through November 2018 under a contract with the committee. The original contract proposal is included as Appendix A of this report.

## 1. PUBLIC INPUT

Throughout the month of June, Education Commission of the States collected public input from Idahoans through four avenues: funding formula panels, public input meetings, online feedback and in-person meetings.

### Funding Formula Panels

We asked the superintendent of every district and charter school in the state to recommend attendees for participation in the funding formula panels. From the recommended attendees, we selected at least one participant from each district who responded to ensure that the funding formula panels comprised a well-rounded mix of teachers, specialists, technology directors, principals, school board members, school business officials, superintendents and charter school administrators. Each of these meetings was a three-hour facilitated discussion, where six to 12 district professionals shared what is working for their districts, what is not working and what issues are most important to them.

We held funding formula panels in each of the six education regions in the state. In addition to the mixed panel discussions, we held three funding formula panels for districts with unique needs: Region 3 districts with over 10,000 students (Meridian/West Ada, Boise and Nampa); virtual charter schools; and elementary school districts.

### Public Input Meetings

In each of the six education regions, we held an open meeting, where members of the public could share questions, concerns and apprehensions about school funding reform. These meetings lasted for two hours and were structured as open conversations. At three of the public input meetings, members of the Public School Funding Formula Interim Committee — Sen. Lori Den Hartog (Region 3), Rep. Julie VanOrden (Region 5), Rep. Wendy Horman and Sen. Dean Mortimer (Region 6) — attended and spoke at the beginning. Additionally, each public input meeting included attendees from the

### FUNDING FORMULA PANELS, BY THE NUMBERS

**Funding formula panels:** 14  
**Total participants:** 110  
**Teachers:** 17  
**Principals:** 10  
**School board members:** 9  
**Superintendents:** 40  
**School business officials:** 29  
**Other (federal programs administrator, CTE administrator, special education administrator):** 5  
**Charter school representatives:** 20

### PUBLIC INPUT MEETING ATTENDANCE

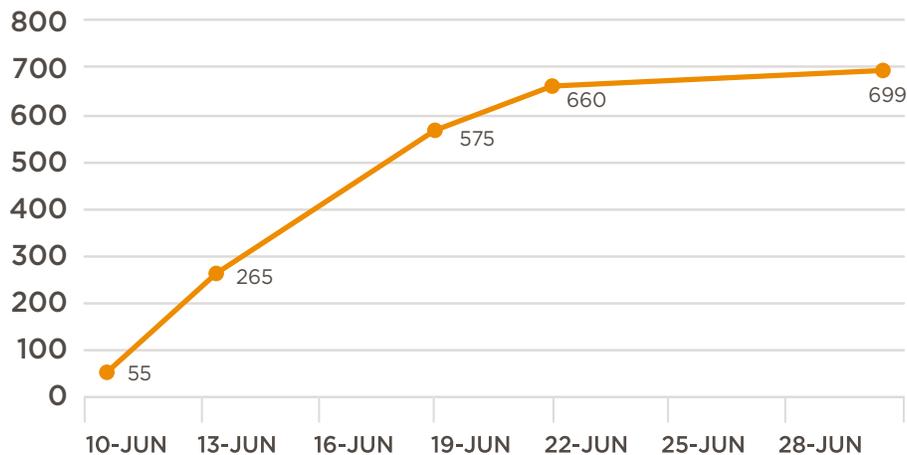
**Region 1:** 93  
**Region 2:** 26  
**Region 3:** 70  
**Region 4:** 47  
**Region 5:** 55  
**Region 6:** 49

state Department of Education, the Idaho School Boards Association and the Idaho Education Association. We also had other members of the legislature attend public meetings, including Rep. Paul Amador, Rep. Lance Clow, Rep. Tom Dayley, Rep. Ryan Kerby and Sen. Mary Souza, among others.

### Online Feedback

We provided two online avenues — an online survey and a dedicated email account — for Idahoans to provide thoughts and opinions on school funding. The survey launched on May 31, 2018. As of June 30, 2018, we received 699 responses.

**Number of Survey Responses**



### Survey Results

The following section shows who responded to the survey and what the respondents think about Idaho’s school funding. Please see Appendix B for answers to all survey questions.

**WHICH TERM BEST DESCRIBES YOU?**

ANSWER CHOICES	RESPONSES	
Parent/Guardian	22.51%	156
Educator (Teacher, Librarian, or other)	48.20%	334
School Administrator (Principal, Vice Principal, or other)	4.47%	31
District Administrator (Superintendent, Assistant Superintendent, or other)	7.65%	53
School business official	2.89%	20
School board member	1.59%	11
Other school employee	3.61%	25
Concerned citizen/taxpayer	9.09%	63
	<b>ANSWERED</b>	<b>693</b>
	<b>SKIPPED</b>	<b>6</b>

**TOP 5 RESPONDING SCHOOL DISTRICTS:**

1. Kuna Joint (187 responses)
2. Caldwell (27 responses)
3. Teton County (22 responses)
4. Blackfoot (19 responses)
5. Coeur d’Alene (17 responses)

**KEY TAKEAWAYS:**

- Ninety-five percent of survey respondents do not think the funding formula works well for Idaho.
- Seventy-five percent of survey respondents do not think the current funding formula provides enough flexibility to districts.

**RESPONDENTS WHO BELIEVE THE STATE SHOULD PROVIDE ADDITIONAL RESOURCES FOR THE FOLLOWING STUDENT POPULATIONS**

STUDENT POPULATION	PERCENTAGE OF RESPONDENTS
Special Education	88%
Low-Income	86%
Students Who Are Struggling to Meet State Standards	82%
English-Language Learners	70%
Gifted and Talented	70%

The survey had two open-ended questions. For open ended survey question 11 (**In your opinion, what do you feel are the biggest issues with Idaho’s current school funding system?**), we received 495 responses and 204 individuals skipped the question. Many common themes — including inequalities in the formula, lack of flexibility, problems with the career ladder and inadequate funding generally — were reflected in the open-ended responses.

An educator noted the inequity between districts, because “there are poor rural areas that depend on levies and can’t get them passed.” A parent noted inequities for special student populations, because “students who are low income, special education, ELL, etc. need more support, [and] districts with a higher percentage of those populations need to receive more funding.” Another area of concern was the current formula’s lack of flexibility. A teacher noted schools need more “flexibility in how funds are spent in order to meet the needs of the students and the school.” Regarding the career ladders for educators, responses focused on the harm to veteran teachers. An educator explained, “Veteran teachers are not offered the same percentage of increase or are topped out on the career ladder with no cost-of-living increase.” Finally, respondents noted public schools in Idaho are underfunded. A district administrator remarked, “All schools are underfunded when a majority of the schools must run supplemental levies.”

For open-ended survey question 19 (**What issues would you like to see addressed in a new school funding formula?**), we received 411 responses and 288 individuals skipped the question. Respondents wanted to see more funding for facilities, rural districts, and college and career readiness programs.

Many responses focused on a need for more consistent funding for school facilities. A concerned citizen noted the formula needs to provide funding for facilities “so all students, regardless of location, have access to the same or similar educational environment.” A school employee wanted the new formula to address “facilities modernization and new construction.” Other responses focused on rural school needs, particularly programming. A school employee mentioned her rural district “struggles to give students the same tools and opportunities as the larger districts,” and

believes rural schools should get more priority in funding. An educator said that “because of funding, [her school’s] class options are very limited versus the bigger districts in the area.” In addition to rural programs, participants wanted programs to help kids become college- and career-ready. A concerned citizen wanted to see more “gifted programs for all students [and] after-school programs for students.” Another educator added there should be “increased funding for high school programs that prepare students for skilled workforce jobs without going to a four-year university program.” Finally, it was noted several times in Q19 that a cost-of-living factor should be added to teacher salaries.

## **PUBLIC EMAIL ADDRESS**

In addition to survey data, we maintained a public email account so anyone could submit longer responses or send attachments.

We received 10 emails: six were concerns about the funding formula, three were questions regarding the regional public input meetings and one was a duplicate of a previous email already received. We heard the following concerns from the emails:

- Equal and fair treatment for students who attend online/virtual schools.
- Equity in funding for all school districts.
- Increased funding for students who are identified as gifted and talented or require special education.
- Increased funding for students who are struggling academically.
- Increased funding for students who are identified as economically disadvantaged, low-income or an English-language learner.
- Low teacher morale, dissatisfaction and burnout.
- Teacher recruitment and retainment in smaller, rural and isolated school districts.
- More flexibility for districts.
- Funding that follows the student.
- Student counts: ADA vs. ADM.
- Increased costs of running a smaller school district.
- Increased salary base allocations for classified staff.
- School choice.
- An outdated funding formula.

## **In-Person Meetings**

We met with many state-level groups and entities that work in education, including:

- Idaho Association of School Administrators.
- Idaho Business for Education.
- Idaho Charter School Network.
- Idaho Department of Education.
- Idaho Education Association.
- Idaho legislative staff.
- Idaho School Boards Association.
- Idaho Association of School Business Officials.
- Idaho State Board of Education.
- Office of the Governor of Idaho.

We would like to thank Idaho legislative staff and the Idaho Department of Education for their ongoing support.

## **Press Mentions**

Throughout June, news outlets covered the public input meetings around the state. There were at least 10 articles. See appendix B for the full list of press mentions.

## 2. DESIGNING A NEW FUNDING FORMULA

### State Education Funding

In the 2017-18 fiscal year budget, the Idaho legislature allocated \$1.75 billion in state funding for public K-12 education programs directly to districts and charters. The state's current formula makes use of 30 different line items to distribute state funds to districts. All of the budget data below is from fiscal year 2017-18.

### The New Formula

In H.C.R. 49, the committee recommended that the state transition to a “student-centered funding formula” and “provide public schools with more spending flexibility and fewer statutorily required programs and distributions.” To achieve these two goals, Idaho will have to consolidate many of its line items into a single funding formula. During our focus groups and public meetings, some participants recommended that we include funding from all of these line items in the new formula. However, for various reasons, we are recommending that 18 line items be excluded from the new formula. In addition, we are highly recommending that the remaining 13 line items be included. Finally, we believe that there needs to be a discussion about how funding for the state's Master Educator Premium program will be addressed in the new formula.

### Recommended for Exclusion

We recommend that the following 18 line items — that account for \$184.3 million (10.5 percent) in state funding to districts — be excluded from the new formula.

#### TRANSPORTATION AND SCHOOL FACILITY FUNDING PROGRAMS

The state currently has a line item for transportation funding and four different line items for facility funding (Bond Levy Equalization, Charter Schools Facility, School Building Maintenance – Lottery, and School Building Maintenance – Match). Funding for student transportation should be distributed based on the cost of delivering transportation services to students, not on total student enrollment. Facility funding should be determined based on unique facility needs of each district and its ability, or inability, to fund these needs locally — not on the size of a school district. Because of the unique ways that transportation and facilities are funded, we recommend excluding the transportation line item (\$73.9 million) and the four facility line items (\$49 million) from the new formula.

#### UNIQUE PROGRAMS

The state has seven programs that would not easily fit into a new formula. Two of these programs provide funding for contracted services (Exceptional Contracts and Border Contracts). A third program (Adjustments) is designed to make adjustment payments to districts when their funding for the previous year was not correct. These type of adjustment payments will go away if a new formula is adopted. The fourth program (Idaho Safe and Drug-Free Schools) receives earmarked funding from the state lottery and cigarette tax. Because it receives its funding from an earmarked tax source, we recommend excluding it from the new formula. The fifth program provides unemployment insurance funding on behalf of schools directly to the state's department of labor. A payment to a third party is a type of pass-through cost and should not be included with a new formula. Finally, there are two smaller programs: one that provides bonuses to teachers who have National Board Certification and is slowly phasing out and the other that reimburses districts up to \$6,000 annually for developing continuous improvement plans. Because of the unique nature of these two programs, we recommend that they remain separate from the new formula.

**OTHER EDUCATIONAL PROGRAMS**

During our focus group meetings, the Advanced Opportunities program was cited by participants as a program that should continue to exist outside of the new funding formula. Because of the support that this program receives and the fact that it is meeting its goal of providing high school students with enhanced learning opportunities, we recommend that the two line items under this program (Early Graduation Scholarships and Fast Forward) continue to be funded outside of the new formula. Continued funding for technology and teacher leadership received support in our public meetings and during the committee’s hearings; because of this, we recommend that these programs continue to be funded outside of the new formula.

<b>Table 1: Line Items to Exclude in the New Formula</b>	<b>FY 2018-19 FUNDING</b>	<b>PERCENTAGE OF TOTAL STATE ED. FUNDING TO DISTRICTS</b>
<b>Transportation and School Facilities</b>		
Transportation	\$73,850,000	4.2%
Bond Levy Equalization Support Program	\$20,182,667	1.2%
School Facilities Funding (Lottery)	\$18,069,352	1.0%
Charter School Facilities	\$7,178,909	0.4%
School Facilities Maintenance Match	\$4,013,362	0.2%
<b>Unique Programs</b>		
Exceptional Contracts & Tuition Equivalents	\$5,278,794	0.3%
Idaho Safe and Drug-Free Schools (Lottery and Cig. Tax)	\$4,024,900	0.2%
Adjustments	\$1,249,621	0.1%
Border Contracts	\$1,112,477	0.1%
Unemployment Insurance	\$535,643	0.03%
Continuous Improvement Plans	\$292,396	0.02%
Teacher Incentive Awards (National Board Cert.)	\$35,691	>0.01%
Innovation Schools	\$0	0%
<b>Other Education Programs</b>		
Technology Funding	\$26,000,000	1.5%
Leadership Premiums	\$17,838,569	1.0%
Fast Forward	\$3,240,529	0.2%
Early Graduation Scholarships	\$357,115	0.02%
Mastery Based System Development	\$1,050,000	0.06%
<b>Recommended for Exclusion From the New Formula</b>	<b>\$184,310,363</b>	<b>10.5%</b>

**Recommended for Inclusion**

School funding expenditures are driven by staffing costs more than anything else. The seven line items that deal directly with staffing costs account for 63.2 percent of education expenditures in Idaho. Funding to schools and districts from the Net State Support line item accounts for 22.5 percent. For a new formula to be able to positively impact education decisions, we believe that it should include all seven of the line items that deal with staffing costs, as well as funding from the state’s Net State Support program.

## Other Budget Items

There are seven other state funding programs, totaling \$27.7 million (1.6 percent of state funding to schools), that we also recommend including in a new school funding formula. There are five different programs designed to provide funding and services to high-need students. These programs would become redundant in a new funding formula that provides weighted funding to these student groups. These programs are the literacy and remediation programs for economically disadvantaged students, the state’s two programs for English-language learners and the line item for gifted and talented students. There are two programs aimed at student learning (Content and Curriculum and Math and Science Requirement); funding for each of these programs could be included in the new formula while the requirements/mandates for each of these programs could be retained in law.

<b>Table 2: Line Items to Include in the New Formula</b>	<b>FY 2018-19 FUNDING</b>	<b>PERCENTAGE OF TOTAL STATE ED. FUNDING TO DISTRICTS</b>
<b>School/District Staffing</b>		
Salary Apportionment	\$924,903,804	52.9%
Entitlement	\$405,942,627	23.2%
Benefit Apportionment	\$173,059,931	9.9%
Professional Development	\$17,250,000	1.0%
IT Staffing	\$7,500,000	0.4%
College and Career Advisors and Student Mentors	\$7,000,000	0.4%
<b>Total Staffing Costs</b>	<b>\$1,535,656,362</b>	<b>87.9%</b>
<b>Other Budget Items</b>		
Literacy	\$11,250,000	0.6%
Math and Science Requirement	\$5,978,168	0.3%
Remediation	\$4,715,000	0.3%
Limited English Proficient	\$3,370,000	0.2%
Gifted and Talented	\$1,000,000	0.06%
Content and Curriculum	\$950,000	0.05%
Limited English Proficient - Grant	\$450,000	0.03%
<b>Total Other Budget Items</b>	<b>\$27,650,000</b>	<b>1.6%</b>
<b>Total Recommended New Formula Funding</b>	<b>\$1,563,369,530</b>	<b>89.5%</b>

## Master Educator Premium

In both the focus group sessions and public meetings, we received a great deal of input about the state’s new Master Education Premium. This new program was established in 2015 under the state’s Teacher Career Ladder, and funding will begin in 2019-20. Teachers with at least eight years of experience and who have completed three years of education portfolios will be eligible for a bonus of \$4,000 per year for a three-year period. We received a large amount of input that this program should continue to operate, no matter the new formula adopted. We also heard from many participants that funding for the Master Education Premium should be folded into the new formula. Some districts let

us know that none of their teachers are filling out their portfolios, while other districts told us that all of their qualified teachers have been putting together portfolios in anticipation of receiving this bonus.

## 3. STRUCTURE OF THE NEW FORMULA

### Student Counts

H.C.R. 49 states: “Transition the Idaho public school funding formula from counting students based on average daily attendance to counting students based on enrollment.” We recommend that the state begin a system of collecting enrollment data from districts and charters, starting in fiscal year 2019-20, and start counting that system in the new school funding formula in fiscal year 2020-21. This additional year of counting students based on enrollment will allow the state and schools to adapt to this new system of counting. We further recommend that student enrollment counts be taken four times a year, with the last count taking place no later than May 1. Having four counting periods will ensure that districts and charters receive funding for students as they move from one school to another during the school year.

### Grade Weighting

Idaho’s current formula provides additional funding for some schools for grades K-3 and for high school grades. Current research shows that K-3 and high school programs require additional funding. Because of the research and the state’s current practices, we recommend providing additional weight to both early grades and high school programs.

### Student Funding Needs

Throughout the public input collection period, we identified four high-need student populations: economically disadvantaged students, English-language learners, students who require special education, and gifted and talented students.

#### **ECONOMICALLY DISADVANTAGED STUDENTS**

Under Idaho’s current formula, funding for at-risk students is limited and incentivizes the formation of alternative schools. We recommend including a weight for economically disadvantaged students in the formula so that students in all grades, regardless of the type of school they attend, receive additional funding. We recommend that the additional weight for economically disadvantaged students in the first year of the new formula be .10 (an additional 10 percent in funding for these students). We further recommend that this weight increase to .20 in the second year of the formula and to .25 in the third year and beyond. Once fully implemented this will provide approximately \$1,000 in additional funding for economically disadvantaged students.

The state does not currently have a reliable method for counting economically disadvantaged students. In the proposed model, we use Title I eligibility as a measure of economic disadvantage; however, we recommend that the committee works directly with the department of education to determine a reliable system for counting economically disadvantaged students in the state.

#### **ENGLISH-LANGUAGE LEARNERS**

According to public input, the current funding for English-language learners is insufficient to meet the demands of this student population. We recommend that the state provide additional funding to English-language learners for the services they need to move off the ELL designation as soon as possible. We recommend that the state provide an additional weight of 0.1 in the first year of the new funding formula, increasing it to 0.2 in the second year, 0.3 in the third year and finally .35 in the fourth year and beyond. Once fully implemented, this weight will provide approximately \$1,500 in additional funding for each ELL student. The state may also wish to provide an incentive to schools to move students off the ELL designation after two years. This performance bonus could equal one year of additional ELL funding (\$1,500).

### **STUDENTS WHO REQUIRE SPECIAL EDUCATION**

The most common high-need student population discussed in public input meetings was special education students. Because the current system funds students based on an assumed percentage, it does not reflect differences in student demographics between districts and schools. We recommend that Idaho base special education funding on actual special education student counts in each district or charter. We recommend that the weight provided to each special education student in the first year of the new formula be 0.65, increasing each year until it reaches 1.0 in the fifth year of the formula.

Many states use multiple weights for special education students to reflect their varying needs and the cost of providing them services. For example, some states have different weights for students with mild, moderate or severe disabilities. We recommend that the state work with the department of education to look into providing differentiated funding to special education students based on their needs.

### **GIFTED AND TALENTED STUDENTS**

The state's current system for funding gifted and talented students is limited in scope and does not allow schools to fund gifted and talented programming, only professional development for educators who teach gifted and talented students. Education Commission of the States recommends that the state assume that each district/charter school has 10 percent of its students identified as gifted and talented and that these students be provided with 2 percent in additional funding. This weight provides approximately \$100 per gifted and talented student.

## **District Funding Needs**

### **SMALL/REMOTE SCHOOLS**

A concern that was expressed repeatedly in our focus groups was that the new formula needs to address the fact that small schools/districts face higher costs for delivering educational services. These concerns are backed up by national research that shows that small schools/districts have a higher cost of delivering services than larger districts. The current formula provides additional funding for elementary schools with fewer than 330 students and high schools with fewer than 840 students. We recommend that a new formula provide an adjustment for small school districts similar to the current adjustment. In addition, we recommend that the funding formula provide an adjustment — equivalent to the current adjustment — for remote small school buildings.

### **LARGE SCHOOL DISTRICTS**

Research has shown that large districts — over 20,000 students — can experience a diseconomy of scale, thus producing a higher cost in delivering an education to their students. We recommend that the state institute a funding adjustment of 5 percent or less for large school districts, starting at 20,000 students.

### **THE HIGHER COST OF CONDUCTING BUSINESS IN SOME DISTRICTS**

We heard during our meetings that some districts are forced to compete for staff with either larger districts in the state or districts in other states (specifically, Washington and Wyoming). There are several ways that this issue can be accounted for in the new formula, including:

- Regional cost adjustments.
- Adjustments for a district's relative wealth.
- Cost adjustments for district location.

We do not recommend that Idaho make use of a regional cost adjustment or an adjustment based on a district's location at this time. These are both complicated issues that the state may wish to review at a future date, but the committee does not have a sufficient amount of resources or time to review these issues properly at this time.

### **DISTRICT WEALTH ADJUSTMENT**

We do recommend that the committee look into adjusting state education funding based on a district's relative wealth. We heard in both our focus groups and public meetings that some districts have a difficult time raising local funding because of the lack of wealth in their communities. By creating an adjustment in the formula based on a district's wealth, the state can help to target additional funding to low-wealth areas and thus create greater equity in funding between districts.

### **CONCERNS ABOUT TEACHER PAY**

During our meetings and in some of the written responses, we heard concerns that if the state no longer uses the career ladder to distribute state funding, districts could start to push out more experienced/higher-cost teachers and replace them with less experienced/lower-cost teachers. This issue could be addressed by adjusting state funding based on a district's average experience. Under this type of system, a district with an average teacher tenure that is higher than the state average would receive a bump in its state funding. However, this funding adjustment would direct additional funding to districts with a high level of average experience, which will often be schools or districts that are already high-spending.

In addition, we heard some feedback that if a new funding system provided complete freedom in funding expenditures, districts might be pressured to increase teacher salaries at the expense of other educational costs. A new funding formula could mandate that certain funds be set aside for certain activities, or it could cap how much funding could be expended on certain line items — such as teacher compensation. However, these types of funding mandates tend to grow over time and can create a funding system much like the one the state currently has.

### **FRONT-LOADING STATE FUNDING**

Another stated goal in H.C.R. 49 is to “revise the timing, frequency and portion amounts of payment distributions to public school districts and charter schools.” The state currently front-loads funding to districts by providing larger payments at the beginning of the school year. Most education leaders expressed their support for the current front-loaded system, which they say allows them to address the fact that most of their expenditures occur at the beginning of the year. However, individuals who represent virtual charters said they would rather have funding distributed more evenly during the year because they receive new students in their programs throughout the year.

### **HOLD HARMLESS**

The committee committed to holding districts and charters “... financially harmless in totality of state funds during the transition period.” To allow schools and districts to best cope with a transition to a new funding formula, we recommend a hold harmless period of three years. In addition, we recommend that any new funding system begins in the 2020-21 school year, allowing districts time to adjust to any changes in the way that funds are distributed in the state. With these recommendations in place, the new funding formula's phase-in would look like the following:

- FY 2019-20: Continue to use the current funding system. Begin counting students based on enrollment.
- FY 2020-21: Begin the new funding system with all districts held harmless to FY 2019-20 funding levels. High-need student weights: .1 economically disadvantaged, .1 ELL and .65 special education.
- FY 2021-22: Continue phasing in the new funding formula with all districts held harmless. High-need student weights: .2 economically disadvantaged, .2 ELL and .75 special education.
- FY 2022-23: Continue phasing in the new funding formula with all districts held harmless. High-need student weights: .25 economically disadvantaged, .3 ELL and .85 special education.
- FY 2023-24: Fully implement the new funding system without a hold harmless provision. High-need student weights: .25 economically disadvantaged, .35 ELL and .95 special education (continue phasing-up the special education weight in fiscal year 2024-25).

## 4. COMMITTEE MEETINGS

The committee held seven meetings in 2018 in Boise to discuss and decide on the structure of the proposed Idaho funding formula. At each meeting, Education Commission of the States updated the committee on public input and on progress building the model. The committee decided on the structure of the new formula, what is and isn't included in the new formula and how the money should be distributed. The meetings were held on the following dates:

- Tuesday, March 27, 2018
- Tuesday, April 17, 2018
- Wednesday, July 18, 2018
- Wednesday, Sept. 5, 2018
- Monday, Sept. 24, 2018
- Thursday, Oct. 25, 2018
- Monday, Nov. 26, 2018

## 5. RELEASING THE IDAHO SCHOOL FUNDING MODEL

At the Sept. 5 committee meeting, Education Commission of the States presented a preliminary model of the funding formula. This model had placeholders for decisions that the committee had yet to make — most significantly the additional weights for high-need student populations and the additional weight for small schools. At the Sept. 24 meeting, Education Commission of the States presented an updated draft of the funding formula. The most significant update was changing the measure of economically disadvantaged students to students who are eligible for Title I funding under the Elementary and Secondary Education Act passed in 1965. Following the Sept. 24 meeting, the model was distributed to a small group to beta test. The primary purpose of the beta test was to ensure that the model was functioning appropriately. Since the model was still in development, all of the numbers — both inputs and outputs — were subject to change. The beta testing group comprised the following people:

- Seven school business officials
- Sixteen district superintendents
- Five school board members
- One human resource officer
- Three charter school operators
- Eleven people from state-level advocacy organizations
- Three members of the legislature (not members of the committee)
- Committee staff, LSO staff and committee members

## 6. WHO WORKED ON THE PROJECT?

The authors would like to thank their colleagues at Education Commission of the States for their work on this project — including Heidi Macdonald and Jill Mullen, who helped with research; the communications team, who edited and designed all products; and the convene team, who organized all of the regional meetings throughout the state.

In addition to Education Commission of the States' staff, two external subcontractors — Justin Silverstein and Anabel Aportela — helped to build and test the functionality of the model. Silverstein is co-CEO of Augenblick, Palaich and Associates, a national leader in school finance consulting. He is an expert in designing state funding models and has worked on school finance studies in over 25 states. Aportela has over 20 years of experience in assisting states with their school finance systems. She has worked on school funding systems in Arizona, Arkansas, Illinois, Maine, Maryland, Texas, Wisconsin and Wyoming.

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## **Appendix A: Proposal to Develop a New School Funding Formula for the State of Idaho**



## Proposal to Develop a New School Funding Formula for the State of

# Idaho

MICHAEL GRIFFITH  
EMILY PARKER

## Introduction

Education Commission of the States (ECS) has been assisting Idaho's Public School Funding Formula Committee (the Committee) since May 2016 in its goal of improving the state's school funding system. At a meeting in early February, Committee members asked ECS to assist the state in designing a new school funding formula for Idaho. The following is a proposal from ECS to design a new formula for the distribution of state education funding in the state of Idaho. Any questions about this proposal can be directed to:

**MICHAEL GRIFFITH**  
SCHOOL FINANCE SPECIALIST

Education Commission of the States  
700 Broadway #810  
Denver, CO 80203  
Email: [mgriffith@ecs.org](mailto:mgriffith@ecs.org)  
Phone: 720.272.1826

## A Time for Change

Idaho's current school funding system makes use of a position allocation system to distribute the majority of state education funding to districts. A position allocation system provides funding for specific staff positions (teachers, librarians, administrators, etc.), goods (textbooks, technology, supplies), services (transportation, food services) and educational activities (after school, summer school, reading programs). These school funding systems tend to provide districts and schools with very little flexibility on how to expend their state education dollars. Position allocation funding systems were designed at a time when almost all students attended brick-and-mortar schools in their local communities. Today, students are more mobile — during the school year or even the school day — and are educated in new ways that include:

- Charter schools.
- Non-traditional career and technical programs.
- Competency-based learning.
- Online learning.
- Dual/concurrent enrollment programs.
- Open enrollment programs.

The lack of flexibility in a position allocation system restricts schools and districts' ability to offer students these new learning programs. Idaho's current school funding system has 34 separate categories — each with their own requirements and restrictions. The restrictive nature of the state's funding formula may be preventing schools and districts from offering the types of educational programs that students may need to excel. If the state moved to a less restrictive funding system, such as a foundation formula, Idaho's schools would have greater ability to offer students the type of learning programs that they need to succeed in today's competitive environment.

## Creating a Foundation Formula for Idaho

The ultimate goal of changing the state's school funding formula is to improve student learning in Idaho. However, for any new funding system to succeed, it would need to gain buy-in from the majority of districts in the state. In addition, the state of Idaho is not currently in a position to dramatically increase its funding to public schools, so a new formula would need to be able to work under the state's current funding levels. Thus, any new school funding formula would need to achieve all of the following:

- Increase flexibility in funding decisions for schools/districts.
- Create greater adaptability to future changes in how education is delivered in the state, including mastery-based and personalized learning.
- Be functional under the state's current spending levels.
- Have the ability to be phased in over a period of time (not to exceed five years).
- Hold all districts harmless from any reduction in funding during the transition.

ECS believes that it can achieve all of these goals by working with members of the Committee, other members of the state legislature, legislative and State Department of Education (SDE) staff and other individuals from Idaho's school funding community to develop a new school funding formula for the state.

## Working With Committee Members

Our plan is to attend four Committee meetings in Idaho. At the first Committee meeting, we will present our plan, timeline and goals for engagement. We will also be available to answer questions that the Committee members have and listen to their priorities. In addition, the first Committee meeting will serve to further frame the engagement for the rest of our school funding work. At the second Committee meeting, we will present a progress report to members. By this time, our regional focus group meetings will be underway and we can share our findings from this research. At the third meeting, we will present a model of the new foundation funding formula to the Committee. After receiving feedback from Committee members at this meeting, we will draft the final report, which we will present at the fourth and final meeting. At this final meeting, we will also present the dissemination plan to Committee members. Please see our attached timeline for more information about how the Committee meetings will fit with our other proposed work.

## Gaining Input From the Public

ECS will hold five regional meetings around the state of Idaho to gain input from the education community. These focus-group-style meetings will be an important source of information as we move forward with the creation of a new foundation formula for Idaho. Knowing the priorities of the people who implement these policies will help us to ensure that we are working toward the creation of the best possible funding system for the state. These regional meetings will help our team develop a better understanding of the impact of current school funding policies on public schools, and the input from these meetings will ensure our recommendations are based on real-world solutions to improve Idaho's education system.

The meetings will be held throughout the state, emphasizing the geographic diversity and unique perspectives that Idahoans bring to school finance. Meetings will be held in the north, central, south, southeast and southwest regions of the state. We will work with legislative and SDE staff to identify relevant school personnel to attend these meetings to share their questions, concerns and ideas for how to improve public school funding in Idaho. We will ensure that

representatives from different-sized districts, various types of schools (e.g., charter schools) and any other individuals and stakeholder groups are included in these meetings.

The regional meetings will cover any and all topics that the Committee deems necessary, and we will work closely with Committee members to identify meeting objectives. Emily Parker and/or Michael Griffith will facilitate these regional meetings, along with additional support from ECS staff.

## Elements to Be Included in the New Formula

ECS staff will meet with legislators, staff, school district personnel, and other stakeholders to determine which of the 34 funding distributions should be retained or included in the new proposed foundation formula.

## Project Deliverables

The following are the planned deliverables from ECS' school funding proposal:

- **Design a new school funding formula for the state.**  
Upon conclusion of the project, we will present to the state a fully formed school funding formula that can be adopted into state legislation.
- **Create an interactive school funding model.**  
ECS will work with third-party contractors to create a working model of the new proposed formula. This new model will be designed on an Excel spreadsheet and will be interactive so that members of the committee (or members of the public) can see how changes in policy would impact funding to their local schools.
- **Work with legislative and SDE staff while minimizing their workload.** Our goal is to keep staff continually informed about the project (we have planned for biweekly phone calls with staff) and to seek out their advice and input. We aim to have the least impact possible on their daily workload.
- **Work with the Committee on a dissemination program.** ECS' communications staff will work with members of the Committee to design informational materials for both the new funding formula and the interactive model. Materials will include the creation of briefing memos, press releases and an informational video.

## Timeline

ECS proposes that the project begin March 1, with a completion date of Nov. 6. A full breakdown of the project's planned timeline is attached to this proposal.

## Budget

ECS bases its budgets on a daily billable rate per employee. ECS billable rates are designed to encompass all employee costs, including salaries, benefits, overhead, management expenses and incidentals. Because of this, ECS does not bill separately for these expenses. The only costs that ECS bills separately are pass-through expenses — which, for this contract, would include travel expenses, meeting costs and third-party service contracts. The following are the list of daily billable rates for ECS employees:

- Michael Griffith: \$1,200 per day
- Meeting staff: \$625 per day
- Emily Parker: \$700 per day
- Researchers: \$500 per day

The following is an overview of the budget for the proposed work, per each deliverable; a full breakdown of the budget is attached.

**Proposed Budget**

<b>Deliverable</b>	<b>Expense</b>	<b>Notes</b>
<b>Biweekly conference calls</b>	\$3,800	One call every other week for approximately 8 months
<b>Meeting planning</b>	\$10,950	
<b>Committee meetings</b>	\$34,800	Four meetings at \$8,700 per meeting
<b>Regional meetings</b>	\$75,500	Five regional meetings at \$15,100 per meeting
<b>Research</b>	\$19,000	
<b>Draft interim report</b>	\$19,000	
<b>Construction of new funding model</b>	\$39,800	Includes \$35,000 in subcontracts to construct a new interactive funding model
<b>Draft and design final report</b>	\$17,800	
<b>Public dissemination</b>	\$27,800	Includes production of handouts, press releases and an informational video
<b>TOTAL COSTS</b>	<b>\$248,450</b>	

**No Cost Overruns**

Because state policymakers must have predictability when budgeting for projects, ECS proposals are designed to ensure that there will be no cost overruns. Our proposed budget is the maximum that ECS will bill the state for this project.

**ECS Experience**

ECS staff have been assisting state policymakers with reforming their school funding formulas since 1975. Current staff have over 20 years of experience working with state K-12 finance systems. ECS has recently worked with the states of Delaware, Illinois, Montana and South Dakota to improve how they fund public education. We would be happy to provide you with references from these – or other – states that would attest to the depth of our knowledge and quality of our work.

ECS staff have been working with Idaho Committee members and staff since spring 2016 to improve the state’s funding system. In addition to presenting to the Committee on multiple occasions, ECS staff have provided research and technical assistance to the Committee. Our work with the Committee and its staff has allowed us to gain a better understanding of the issues with the state’s current funding system and the state’s goals for any new finance system. ECS staff will use their prior experience in other states, along with our understanding of Idaho’s current system, to help the state design a new school funding formula that will allow Idaho’s students to better achieve their educational goals. Once a new funding system is designed, ECS will help the state transition to this new funding system.

## Budget

Activity	Attendees	ESTIMATED NUMBER OF DAYS									ECS Staff Costs	Travel	Contractors	Meeting Costs	Total
		Emily Parker	Michael Griffith	Jeremy Anderson	ECS Researcher 1	ECS Researcher 2	ECS Meeting Team	ECS Comms Team*	Primary Sub-contractor	Secondary Sub-contractor					
Ongoing research and writing by ECS staff	Griffith and Parker	10	10								\$19,000				\$19,000
Biweekly conference calls between ECS and legislative staff	Griffith and Parker	2	2								\$3,800				\$3,800
Meeting planning	Parker, ECS Convene Team	5	1				10				\$10,950				\$10,950
Public School Funding Formula Committee Meeting 1: Present plan, timeline and goals to the committee	Griffith and Parker	3	3	1.5							\$5,700	\$3,000			\$8,700
Five regional meetings: Focus groups of key education stakeholders in Idaho	Griffith, Parker and 2 ECS researchers	20	20		10	10					\$48,000	\$20,000		\$7,500	\$75,500
Public School Funding Formula Committee Meeting 2: Present progress report to the committee	Griffith and Parker	3	3								\$5,700	\$3,000			\$8,700
Build/review funding formula model	Griffith and primary/secondary subcontractors		4							1	\$4,800		\$35,000		\$39,800
Draft interim report	Griffith and Parker	10	10								\$19,000				\$19,000
Public School Funding Formula Committee Meeting 3: Present interim report and funding formula model to the committee	Griffith, Parker and primary subcontractor	3	3								\$5,700	\$3,000			\$8,700
Draft final report	Griffith, Parker and 2 ECS researchers	10	9								\$17,800				\$17,800
ECS Communications Team support	Griffith, Parker and ECS communications team	6	3					1			\$27,800				\$27,800
Public School Funding Formula Committee Meeting 4: Present final report to the committee	Griffith, Parker and ECS communications liaison	3	3	1.5							\$5,700	\$3,000			\$8,700
<b>Daily Billable Rate</b>		<b>\$700</b>	<b>\$1,200</b>	<b>In-Kind</b>	<b>\$500</b>	<b>\$500</b>	<b>\$625</b>	<b>\$20,000*</b>	<b>\$30,000</b>	<b>\$5,000</b>				<b>Total</b>	<b>\$248,450</b>
<b>Billable Costs</b>		*Communications Team support is a flat rate of \$20,000													
Travel Costs – per traveler per trip	\$1,000														
Costs per meeting	\$1,500														

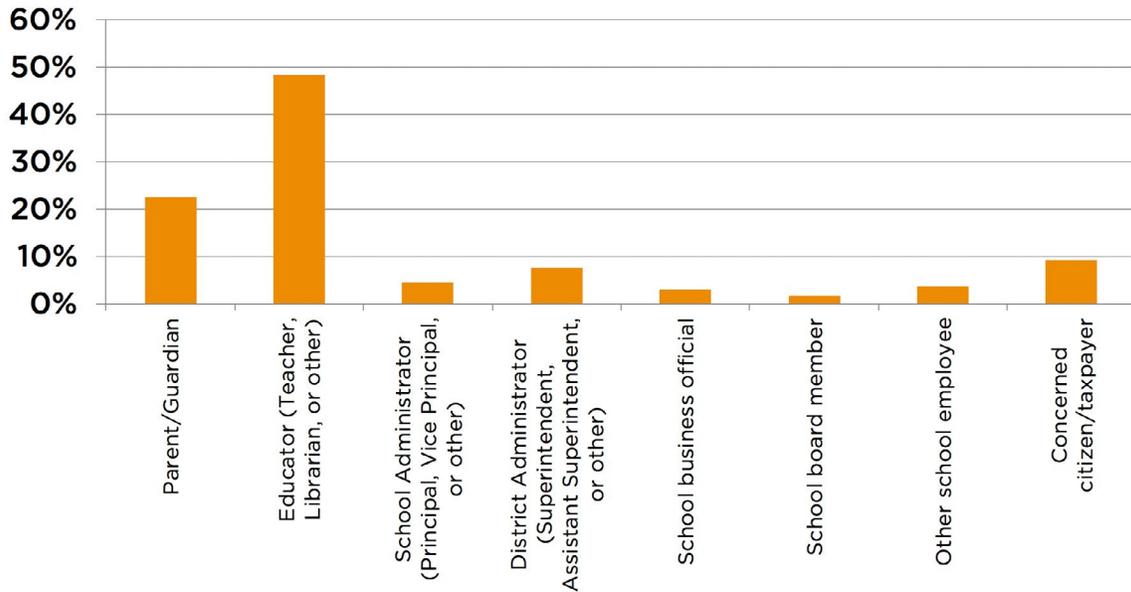
## Timeline

Activity	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	Personnel	Notes
Proposal due to Idaho legislative staff											Griffith, Parker and ECS Leadership Team	Proposal due Feb. 16. Potential start date for the contact is March 1.
Ongoing research and writing by ECS staff											Griffith and Parker	
Biweekly conference calls between ECS and legislative staff											Griffith and Parker	Calls will be scheduled on a biweekly basis but their frequency may be adjusted depending on legislative staff needs and availability. Calls may also include legislators and State Department of Education staff.
Meeting planning											Parker, ECS Convene Team	ECS staff will work with legislators, legislative staff and State Department of Education staff to choose both meeting locations and attendees for the regional meetings.
Public School Funding Formula Committee Meeting 1: Present plan, timeline and goals to the committee											Anderson, Griffith and Parker	Date of meeting unknown.
Five regional meetings: Focus groups of key education stakeholders in Idaho											Griffith, Parker and 2 ECS researchers	Small, medium, large districts, charter schools, advocacy organizations.
Public School Funding Formula Committee Meeting 2: Present progress report to the committee											Griffith and Parker	Date of meeting unknown.
Build/review funding formula model											Griffith and primary/secondary subcontractors	
Draft interim report											Griffith and Parker	
Public School Funding Formula Committee Meeting 3: Present interim report and funding formula model to the committee											Griffith, Parker and primary subcontractor	Date of meeting unknown.
Draft final report											Griffith, Parker and 2 ECS researchers	
ECS Communications Team support											Griffith, Parker and ECS comms team	Edit/design/layout final report, dissemination plan, explainer video and/or 1-pager. ECS team will work closely with committee members on the communications plan.
Public School Funding Formula Committee Meeting 4: Present final report to the committee											Griffith, Parker and ECS comms liaison	Date of meeting unknown.
Contract Ends												Contract must be completed by Election Day Nov. 6.

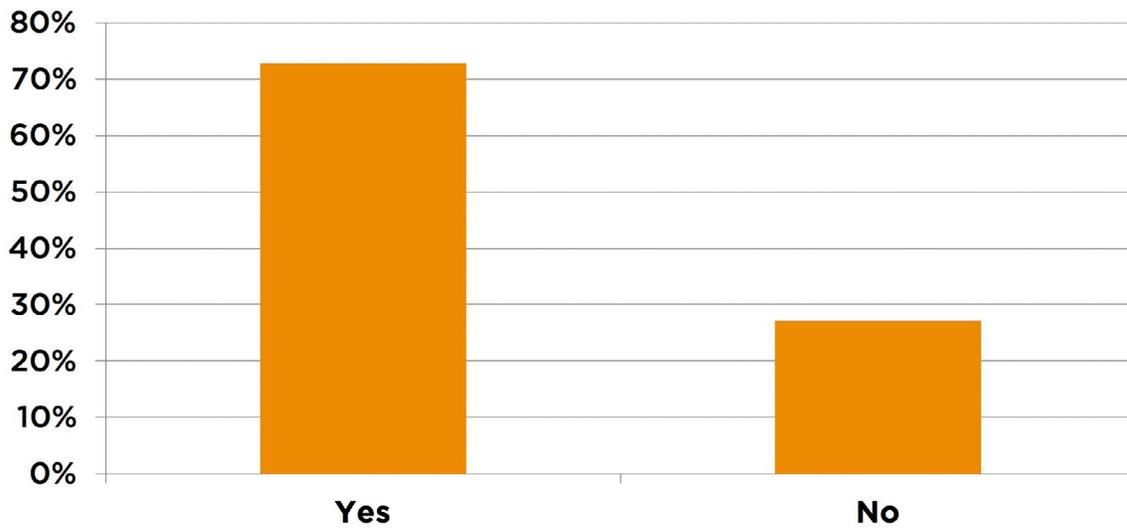


## Appendix B: Survey Results

### 1. Which term best describes you?



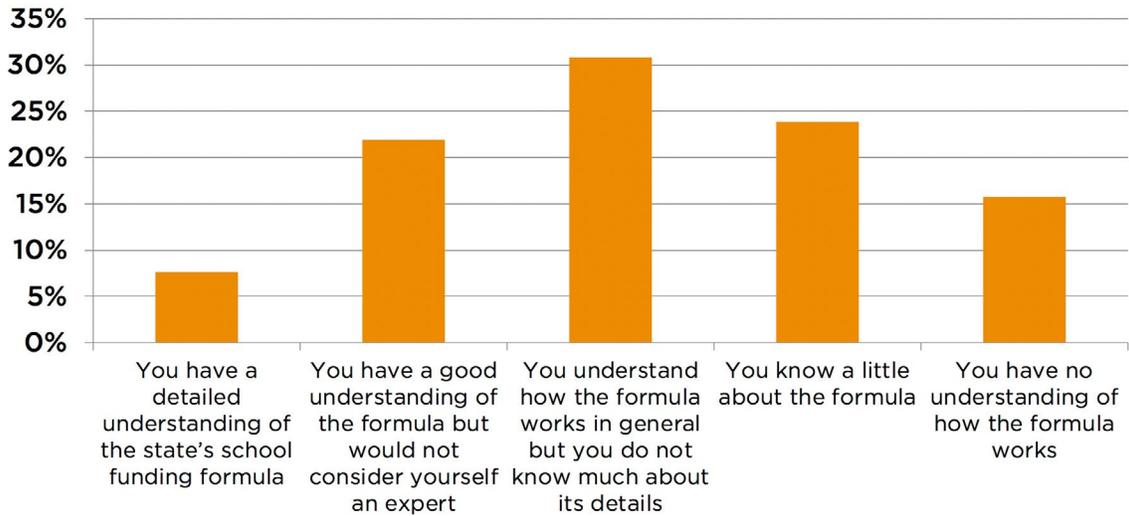
### 2. Do you currently work in a public school in Idaho?



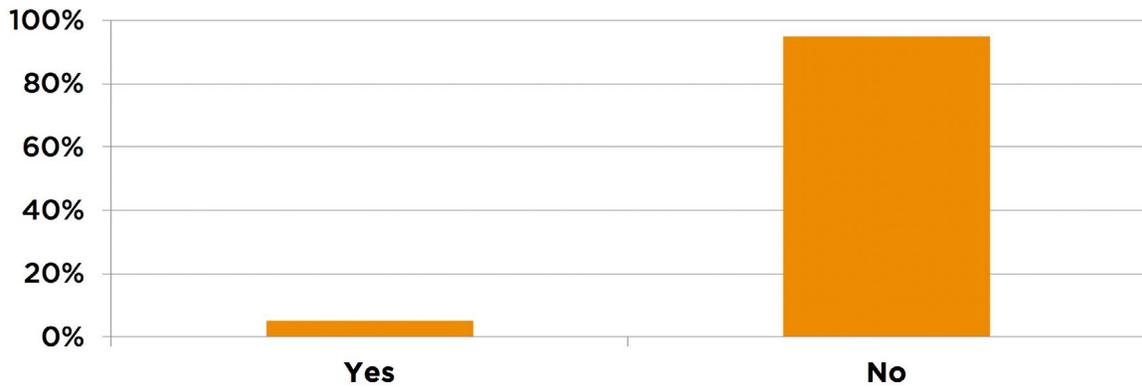
Question 3 asks respondents to identify with which school district or charter they're affiliated.



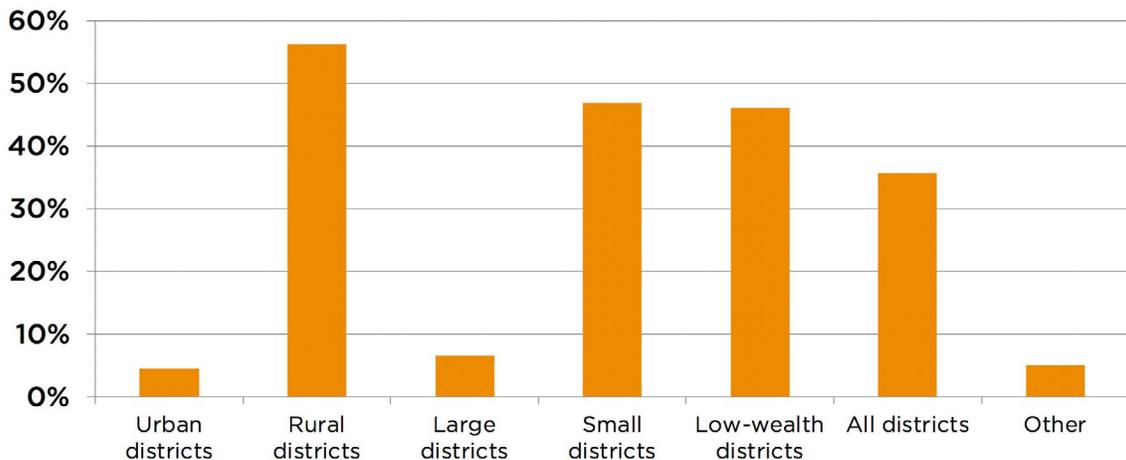
#### 4. How well do you feel you know Idaho's current school funding formula?



#### 5. Do you think the current funding formula works well for all schools in your state?

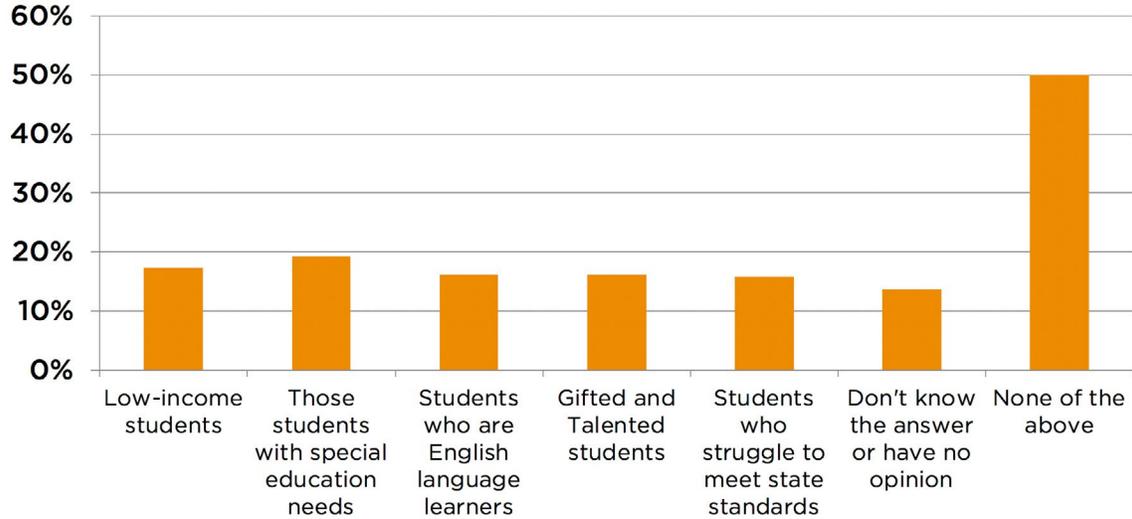


#### 6. If no, which types of districts do you feel the current system does not work well for? (select all that apply)

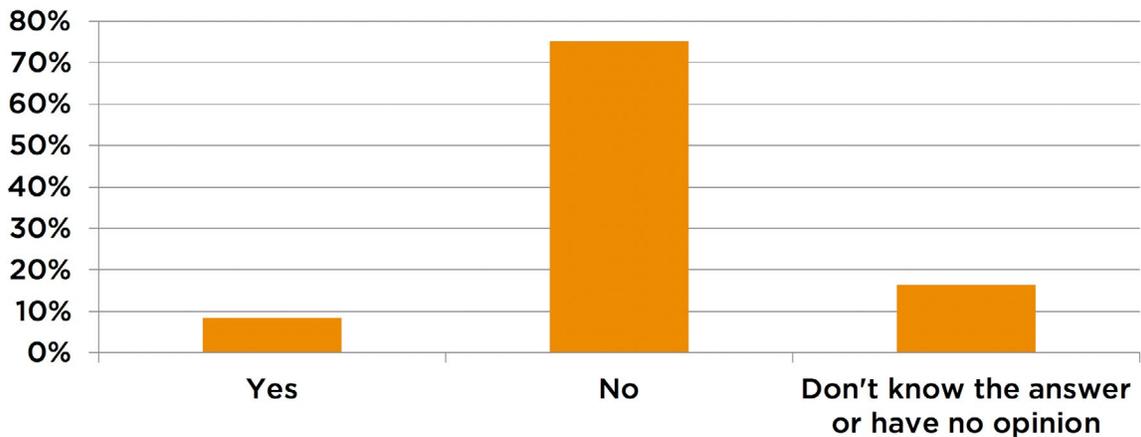




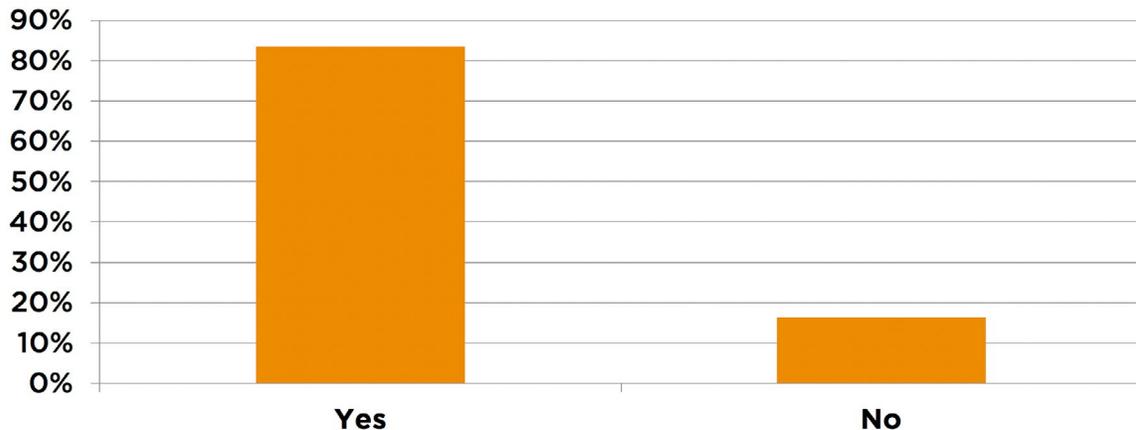
**7. Do you believe that Idaho's current education funding system addresses the needs of the following student groups? (select all that apply)**



**8. Do you think that the state's funding formula provides school districts and charter schools with enough flexibility?**

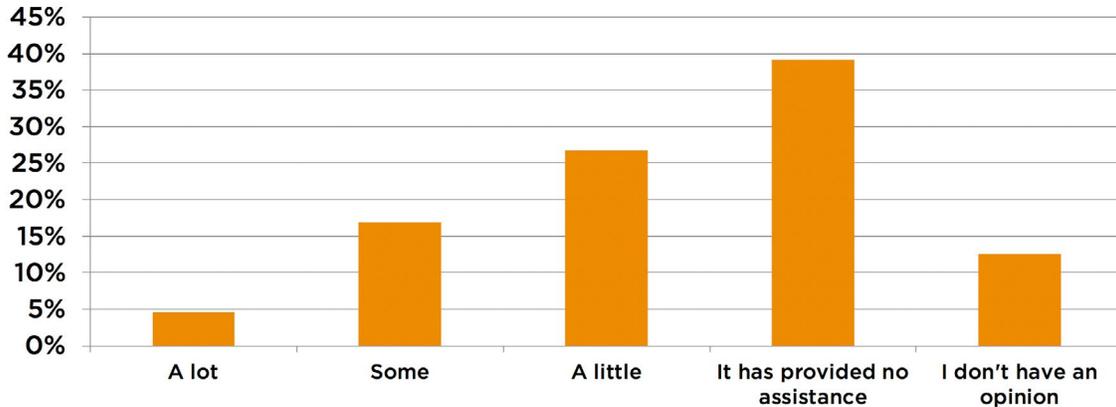


**9. Are you familiar with the state's career ladder?**



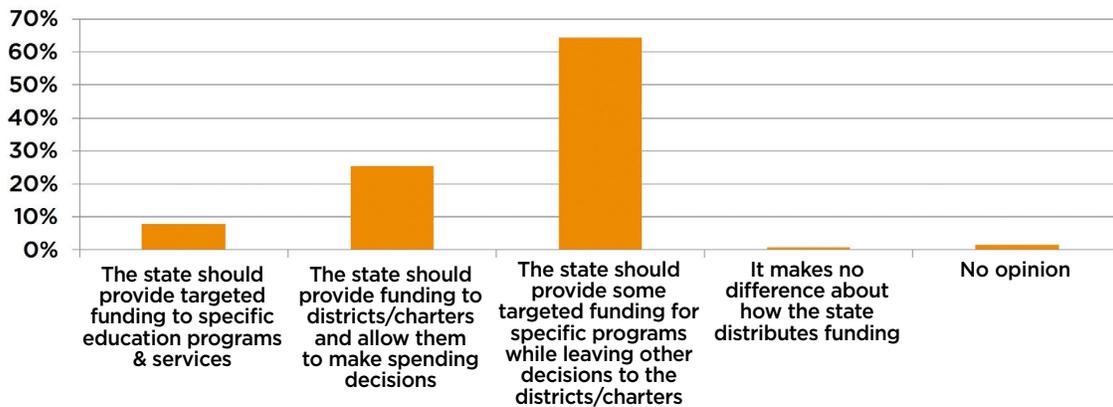


**10. If yes, how much do you feel that the career ladder has enabled your school to recruit and retain quality teachers?**

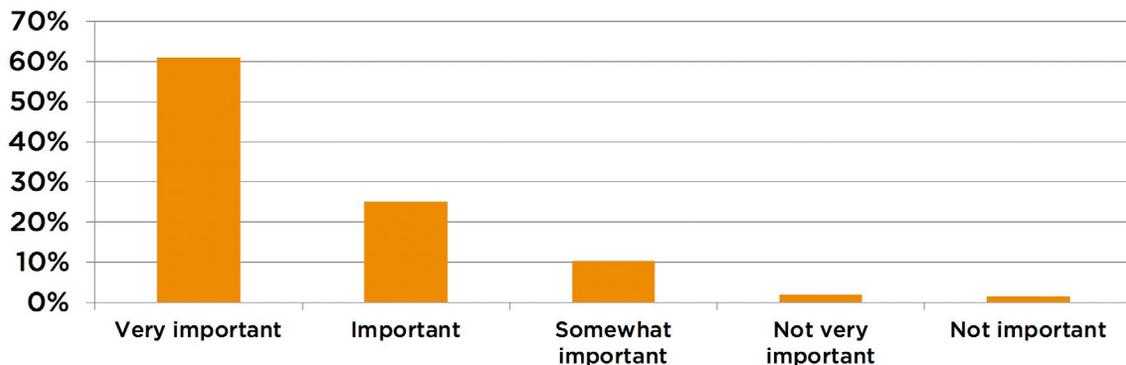


Question 11 is an open response. Responses are summarized above.

**12. Some states provide funding that can only be used for specific educational programs and services (such as: teacher salaries, after-school or summer school programs, or textbooks); other states provide the funding but leave it up to districts or charters. Which method do you think is best?**

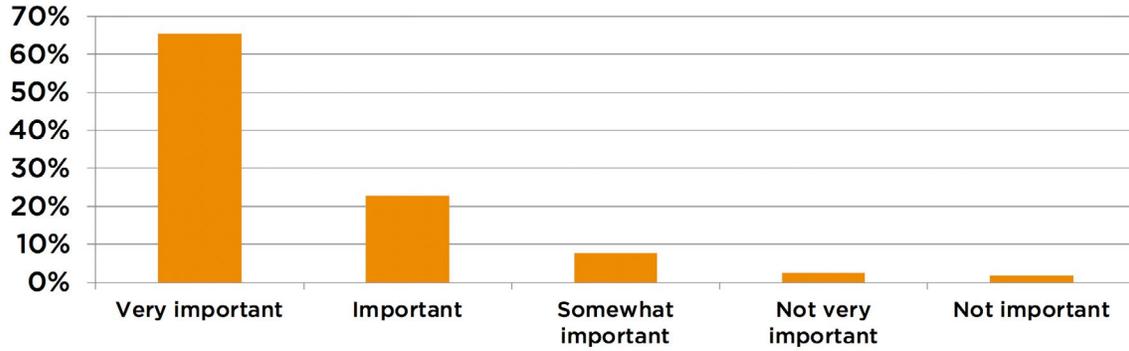


**13. How important is it that the state provides additional funding for low-income students?**

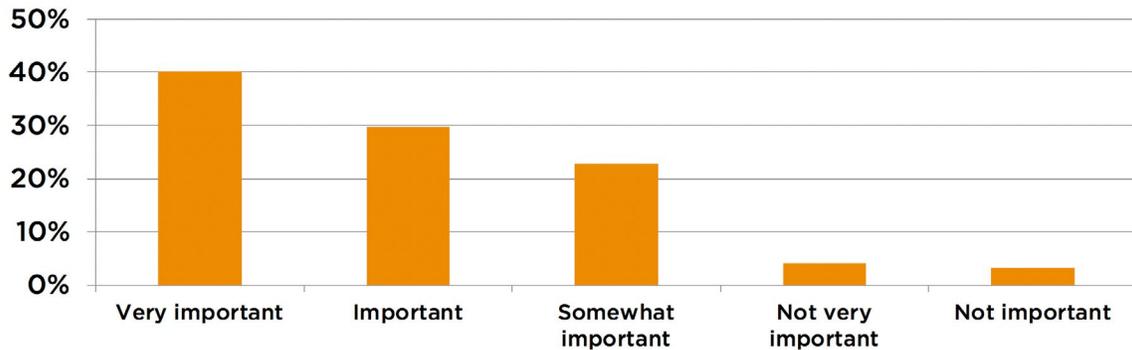




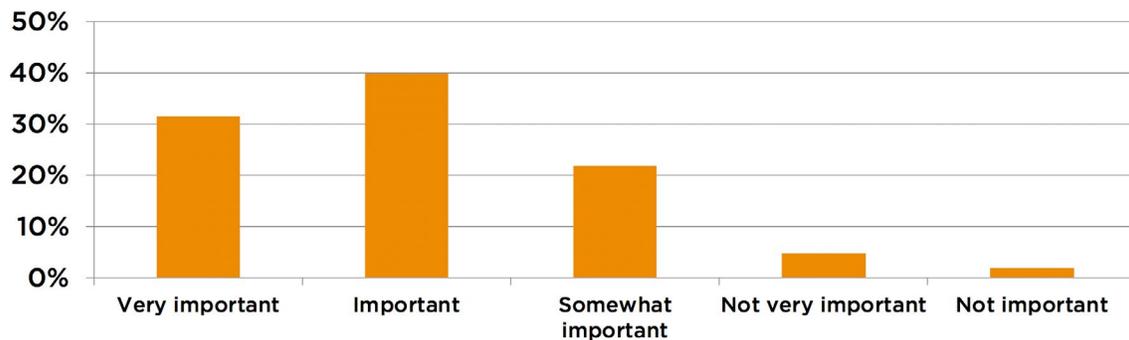
**14. How important is it that the state provides additional funding for special education students?**



**15. How important is it that the state provides additional funding for English-language learners?**

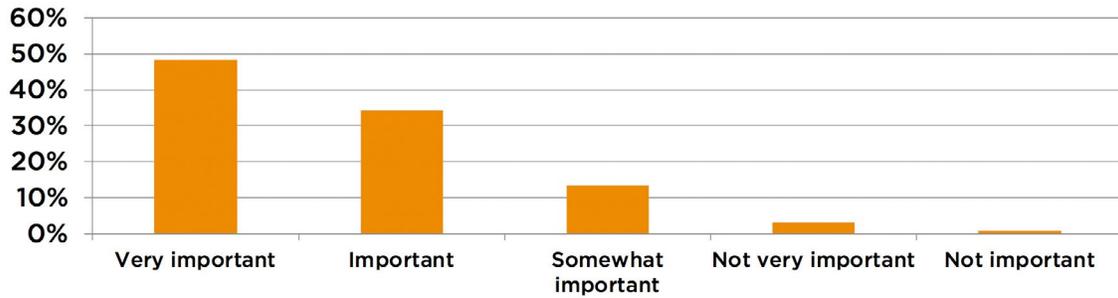


**16. How important is it that the state provides additional funding for gifted and talented students?**

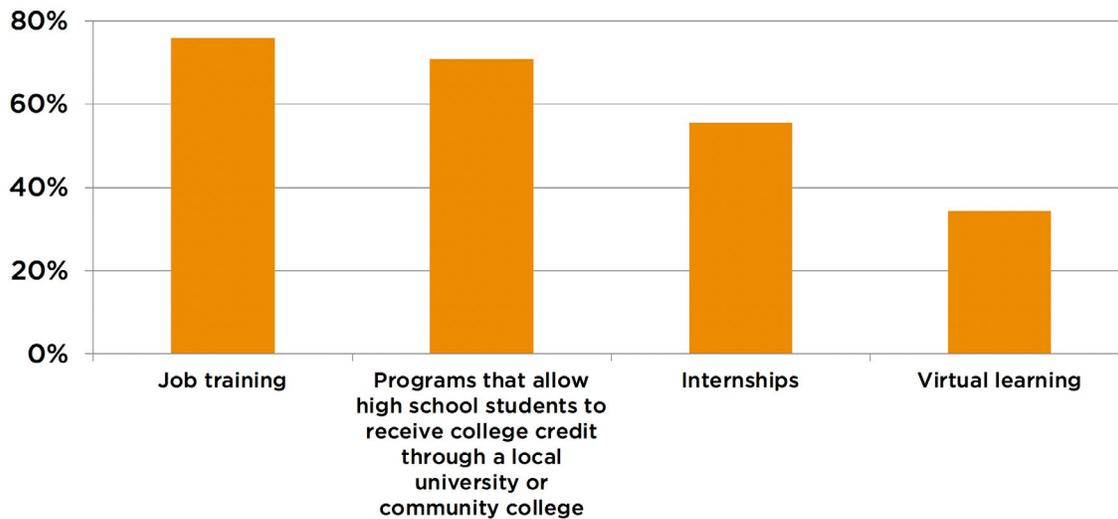




**17. How important is it that the state provides additional funding for students who are currently struggling to meet state standards?**



**18. There are several different programs that students can take advantage of outside of their traditional schools. In your opinion, which of the following programs should a new school funding formula address? (select all that apply)**



## Appendix C: Press Mentions

Note: This is not an exhaustive list of press mentions.

1. “School Funding Committee Kicks Off Regional Meetings,” *Idaho Ed News*, <https://www.idahoednews.org/news/school-funding-committee-kicks-off-regional-meetings/>.
2. “Research & Commentary: Funding Formula Committee Has Chance to Transform Public Education in Idaho,” The Heartland Institute, <https://www.heartland.org/publications-resources/publications/research--commentary-funding-formula-committee-has-chance-to-transform-public-education-in-idaho>
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Proposed Student-Centered Funding Formula for Idaho

<b>Total Funding Available in New Formula (FY 2018-19)</b>		<b>\$1,633,754,338</b>
<b>Computed Base Amount Per Student</b>		<b>\$4,294.18</b>
<b>District &amp; School Adjustments</b>		
<b>Small District Weight</b>	Cap for Elementary Enrollment	330
	Cap for Secondary Enrollment	870
	Type of Adjustment	J-Curve
	Applied to Charters	Yes
<b>Remote School Building Weight</b>		
	Apply or Don't Apply	Apply
<b>Large District Weight</b>		
	Large District Weight (Over 20,000 students)	Yes
	Large District Weight	2.0%
<b>District Wealth Adjustment (Based on the Property Wealth per Enrollment )</b>		
	Include Wealth Adjustment	Yes
	Maximum Wealth Adjustment	10.0%
<b>Funding Counts and Student Weights</b>		
<b>Student Count</b>	Enrollment	
<b>Calculations</b>		
<b>Economically Disadvantaged</b>	Input Weight	10%
<b>English Language Learners</b>	Input Weight	10%
<b>Gifted &amp; Talented**</b>	Input Weight	2%
<b>Special Education</b>	Input Weight	65%
<b>Grade Weights</b>		
	Input K-3 Weight	10%
	Input 9-12 Weight	10%
<b>Budgetary Issues</b>		
	Additional Funding	\$0
<b>Cap on Annual Funding Increase</b>		
	Include Funding Increase Cap	Yes
	Maximum Annual Per Pupil Funding Increase	7.5%
<b>Cost to the State of Holding Districts Harmless from Loss</b>		
	Cost of Hold Harmless Without Cap	\$6,822,750
	Cost of Hold Harmless WITH CAP	\$0



# Description of the Idaho Funding Model

Many in the education community feel that Idaho's current system for funding public schools is overly complex, confusing, and does not direct funding to the students or schools that need it most. Because of this, the Idaho legislature authorized the "*Public School Funding Formula Interim Committee*" in 2016 to study the state's K-12 school funding formula and recommend changes. After two years of work with multiple meetings throughout the state, the committee reported that Idaho's "...funding formula should be changed to ensure local control and transparency, and that it be readily comprehensible, equitable and focused on improving student outcomes." In March, the legislature authorized the committee to develop a new funding formula for Idaho's public schools. To achieve this goal, the committee has contracted with Education Commission of the States (ECS).

ECS worked with the Interim Committee to develop a formula that is focused on the needs of different student groups and school districts in the state. The goal of the new formula is to help all students, regardless of where they attend school, to reach their educational potential.

## The following are important points about the proposed new model:

- **The model is still in development it will continue to change as the process moves forward.**
- The Committee has yet to make any final decisions about how schools should be funded in Idaho – the proposed new model is based off of a set of recommendations and discussions with the committee.
- The Committee has recommended that any new formula not begin until the 2020-21 school year.
- The Committee has also recommended that if a new funding formula is adopted, all districts will be held harmless from any funding loss until at least the 2022-23 school year.
- The funding model shows how districts would be impacted by comparing 2017-18 funding amounts under the current formula to 2018-19 funding under the proposed new formula.

## How does the new model work?

The formula starts by providing a "base" amount of funding per student (you can see this base number at the top of the front page). Every public-school student in the state would be funded at least at this level by the state. The new formula then provides additional funding to school districts and charter schools based on both their student and district/school needs. Below are the details about these adjustments.

## Funding student needs:

- Additional Funding – You can add additional funding to the model to see how it would impact your local schools. As a reminder this would be in addition to the amount of extra funding that the state provided for the 2018-19 school year.
- Economically disadvantaged students – Research has shown that economically disadvantaged students require additional resources to achieve their academic goals. ECS recommend that the additional weight for these students in the first year of the new formula be an additional 10 percent. We further recommend that this weight increase to 20 percent in the second year of the formula



and to 25 percent in the third year and beyond. Once fully implemented, this will provide approximately \$1,000 in additional funding for each economically disadvantaged student.

- **English Language Learners** – According to public input received during the study, Idaho’s current funding for English language learners is insufficient to meet the demands of this student population. We recommend that the state provide additional funding to English language learners to help them receive the services that they need to move off of the ELL designation as soon as possible. ECS recommends that the state provide an additional 10 percent in funding to these students in the first year of the new funding formula increasing it to 20 percent in 2<sup>nd</sup> year, 30 percent in 3<sup>rd</sup> year and finally 35 percent in the fourth year and beyond. Once fully implemented, this weight will provide approximately \$1,500 in addition funding per each ELL student.
- **Gifted and Talented Students** – The state’s current system for funding Gifted and Talented (G&T) students is limited in scope and does not allow schools to fund gifted and talented programming, only professional development for educators who teach G&T students. ECS recommends that the state assumes that each district/charter schools has 10 percent of their students identified as G&T and that these students are provided with 2 percent in additional funding. This weight provides approximately \$100 per gifted and talented student.
- **Special Education Students** – The federal government requires that schools provide special education services that meet students’ unique educational needs. The state’s current system of funding special education does not provide an adequate amount of funding to charters and districts to provide federally required services. ECS recommends that the formula provide each special education student with 65 percent of additional funding and increase that amount until it reaches 100 percent of additional funding in the fifth year of the new formula.
- **Students in Grades K-3 & 9-12** – Research shows that students in grades K-3 require smaller class sizes to receive a quality education. Because of this ECS has recommended that students in grades K-3 receive an additional 10 percent in funding. In addition, research shows that there is a higher cost of educating students in grades 9-12 because of the additional course requirements in high school. ECS recommends that students in these grades receive an additional 10 percent in funding to cover these additional costs.

### **Funding district/school needs:**

- **Small district adjustment** – Research shows that small school districts have a higher per-pupil cost for delivering a high-quality education to their students. The state’s current formula provides an adjustment to districts with 330 or fewer elementary students and 870 or fewer secondary students. ECS created a funding adjustment in the new formula that provides these small districts with additional funding.
- **Remote school building adjustment** – The state’s current formula provides some small, remote school buildings additional funding to meet their unique needs. The new formula provides these individual school buildings with an "remote school adjustment".
- **Large district adjustment** – Research shows that very large school districts can have an increased cost in delivering services to their students. This is often referred to as a “diseconomy of scale”. To address this issue ECS recommends a large district adjustment for districts with over 20,000 students. The current model provides an additional weight of 2 percent for districts with 20,000 or more students.
- **District wealth adjustment** – Some low-wealth districts in the state have difficulty in raising local funding for schools. To help off-set this funding disadvantage, the proposed formula provides additional funding to school districts when their average property wealth per student is below the state average. This funding advantage is capped at a maximum of 10 percent in the current version of the formula.



# EDUCATION COMMISSION OF THE STATES

Your education policy team.

## **Hold harmless and funding cap**

As stated earlier, it is the intention of the Committee that no district or charter school will lose funding in the first three years of a new formula. In addition, ECS has recommended that the amount of additional funding that any district can receive from one year to the next in this new formula be capped at a 7.5 percent increase. Together, the hold harmless and funding cap mean that districts and charter schools in the states will see their annual funding increase up to 7.5 percent per year in the first three years of the new formula.

To find out more information about a student-centered funding formula for Idaho, check out the resources posted on the 2018 Public School Funding Formula Committee website:

<https://legislature.idaho.gov/sessioninfo/2018/interim/psff/>



October 19, 2018

Public School Funding Formula Committee Members  
c/o Mr. Paul Headlee  
Legislative Services Office  
PO Box 83720  
Boise, ID 83720-0054

Chair Winder, Chair Horman, Speaker Bedke, Superintendent Ybarra, President Clark, Senators and Representatives:

We want to thank you for your time and effort that you have put into finding a new public school funding formula.

As you know, our three education associations, the Idaho School Boards Association, the Idaho Association of School Administrators, and the Idaho Education Association, have been following your work closely. In addition to attending all the meetings, we also meet on a regular basis to discuss the impacts the formula will have on school districts and charter schools in Idaho.

As you complete your discussions, we respectfully request that you consider the following:

**Average Daily Attendance (ADA) vs. Enrollment**

We agree that we should move from ADA funding to an enrollment model. We recommend this as the first piece the legislature should address. Based on a 96% attendance rate, the cost of moving from ADA to enrollment without modifying the statutory Support Unit divisor table is estimated to be \$63 million (approximately 4%), \$65 million factoring in FY2020 growth.

The purpose of enrollment based funding is to count students that are enrolled, regardless of the days that a student attends the school. Enrollment based funding would still take into consideration if the student is a full or part-time student but it would not be impacted by the number of days the student actually attended. We believe that twice a year enrollment would be sufficient and would pick up any students that enrolled for the second semester.

Districts, charters, and schools must budget and have resources available for each student enrolled, regardless of the number of days they attend. Having multiple counts outside of a predefined census date at the start of the term (semester or trimester) doesn't take into consideration the requirement that a school have space and other resources available for each

enrolled student. Additionally, for most schools, it is unlikely that student increases or decreases during the term would result in students all in the same grades that could be put in a single class with a new teacher. Student headcount changes are generally across grade.

### **Salary Based Apportionment**

We do not want any salary based apportionment to be included in the new formula. Representative Horman has always stated that she had four goals with the new formula. One of those was flexibility. We believe that we already have all the flexibility we need with salary based apportionment. The new formula will not give us any more flexibility with these dollars.

In addition, we all worked very hard to establish the Career Ladder. We won't even know for sure how successful it is until it has been fully implemented. In the meantime, we believe we are on the right path and would like to see it continue.

Finally, we currently have the ability to determine the gap between what the legislature is funding for salaries and benefits and what school districts and charter schools are actually paying. If these dollars are placed into the new formula, we will never be able to capture that data again.

### **Line Items to be Left in the Formula**

We believe the following items should be left in the formula -Discretionary funding, College and Career Advisors and Student Mentors, Content and Curriculum, Gifted and Talented, Innovation Schools, IT Staffing, Limited English Proficient and Limited English Proficient Grant, Literacy, Mastery Based System Development, Math and Science Requirement, Professional Development, Remediation, and Technology. IASA will support putting technology in the formula if salary based apportionment is left out of the formula.

These are all the formula-based line items and the areas where school districts and charter schools need more flexibility. The accountability will remain, but we would have the flexibility to move the dollars as needed in each individual district or charter school.

### **Weighting – ELL, Special Education, Small School Districts etc.**

As discussed above, we would recommend that the legislature start with fully funding enrollment first. Once each school district and charter school were fully funded by enrollment, then we could slowly start adding weights based on the individual needs.

We believe these changes will truly result in a student-centered model that is transparent, flexible, accountable, and equitable to all.

We are always willing to bring our members to the table to have an in-depth discussion with the full committee or members of the committee to fully work out the details of a new funding formula. We hope that you will call on us to work with you.

Thank you for your consideration of our requests and we look forward to hearing from you.



Karen Echeverria  
Executive Director  
Idaho School Boards Association



Rob Winslow  
Executive Director  
Idaho Association of School Administrators



Kari Overall  
President  
Idaho Education Association