

Good afternoon Mr. Chairman and Members of the Committee,

My name is Nick Smith and I am the Human Resources Director for the Boise School District.

Before I get started, I want to thank you for the opportunity to testify today and provide input on the Draft Legislation and Funding Model. I truly appreciate all of the work that has gone into both the model and draft legislation to this point and appreciate the Legislature's efforts to continue to refine the legislation and model based on the feedback you have been receiving.

For those of you thinking that I look familiar, prior to working for the Boise School District, I served as Deputy Superintendent under Superintendent of Public Instruction Tom Luna. I also grew up in Camas County and started my career as a teacher and administrator in the Bliss School District in the Magic Valley.

Today I want to talk to you about some concerns I have related to the Wealth Adjustment aspect of the formula. Because of my background growing up and working in a rural school district and as a result of my time working at the State Department of Education, overseeing the Rural Education Taskforce and Idaho's Rural Education Achievement Federal Program, I always look at legislation and initiatives through the lens of small rural school districts and how they will impact those districts which is why the Wealth Adjustment concerns me. When you look at the Wealth Adjustment, it is driving 4% of the total funding allocation in the draft model which equates to approximately \$62 Million.

When you look at the Wealth Adjustment, it is basically a Market Value Adjustment, taking a District's Market Value, divided by the number of students they serve and then comparing that to the the state average. Schools above the state average do not receive any additional money under the Wealth Adjustment. Those that fall under the state average receive additional funding. The issue with this is when I looked at some of the schools that do not receive additional funding under the Wealth Adjustment, I had to do a double take.

As mentioned before, I started my educational career in Bliss. For those of you that have ever driven through or past Bliss, it is far from what I would consider a wealthy area. In fact 82% of their students come from low income families. In addition, when I worked in Bliss, we tried two times to pass a bond to build a new K-12 school and finally had to significantly reduce the amount of the bond, and were only able to build a handful of new classrooms to get it passed.

For those of you from up North, another District that is not receiving the Wealth Adjustment despite serving a large low income population is the Plummer-Worley School District. Plummer Worley has 98% of their students coming from low income families yet they do not qualify for the Wealth Adjustment under the current formula. Some of you might recall that Plummer-Worley was the first school district in the state to tap into Idaho's Safe Public School Cooperative Funding Program which the Legislature established under Idaho Code 33-909 back in 2006. The only other District to take advantage of this program since its inception is the Salmon

School District. Under this law, since an elementary school in the Plummer-Worley was deemed by the Division of Building Safety as a safety hazard and the District failed on multiple attempts to pass a bond to replace it, the state had to step in. This program was established by the Legislature to ensure that Idaho was providing a uniform and thorough system of public, free common schools as required under the State Constitution. The Plummer Worley scenario proves to me that Plummer Worley is far from a District that can afford not to qualify for the Wealth Adjustment as they serve a large low income population and have a difficult time passing bonds.

If we as a state want to look at an equalization factor, I would encourage the Legislature to explore restoring the Maintenance and Operations Levy that was repealed during the 2006 Special Session called by then Governor Risch.

In addition to my concerns over the Wealth Adjustment, as a HR Director, I am also concerned with Salary Based Apportionment and the Career Ladder funding being rolled into the new funding model as the Career Ladder has brought stability and predictability to the negotiations process thereby preventing District from having to engage in lengthy and controversial negotiation sessions across the state.

Another concern is that several of the dials or factors involve comparisons to the state averages. As a result, the formula creates volatility in funding for all districts from one year to the next.

Again, I appreciate the work that the Funding Formula Committee has done on behalf of Idaho Districts and appreciate the fact that the legislature gave us this opportunity to provide feedback today. I believe that through this collaborative process, we will be able to arrive at a better funding formula model.