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MODERNIZING SCHOOL FINANCE IN IDAHO

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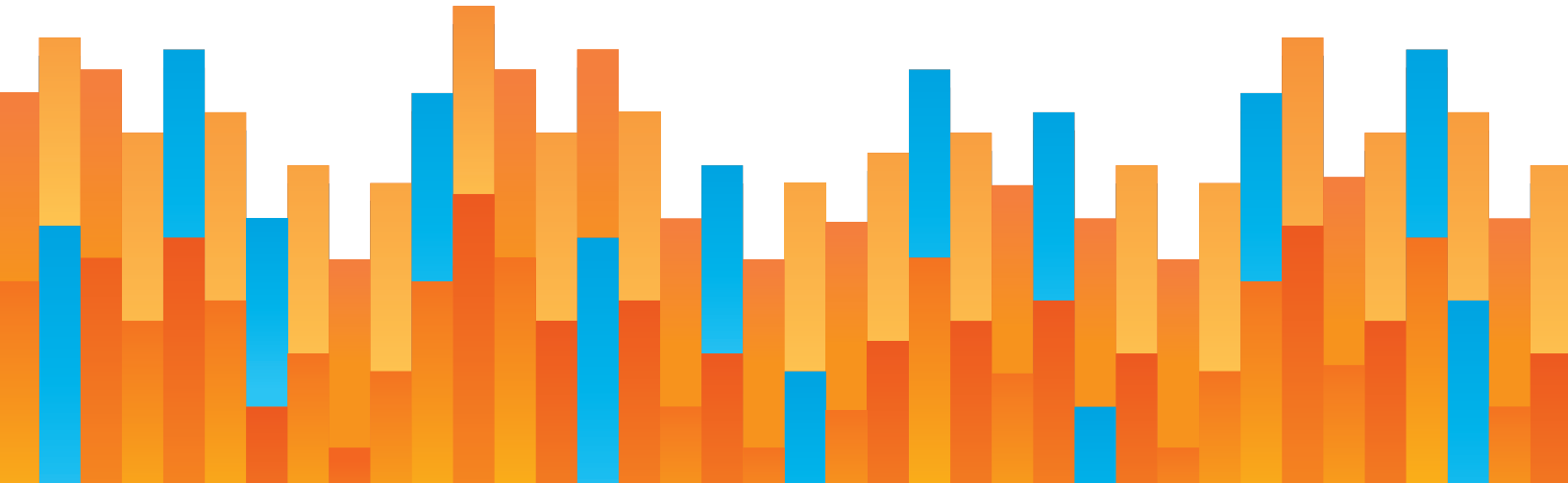

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EXECUTIVE SUMMARY

Idaho is one of only a handful of states that employs a resource-based formula to allocate education dollars. This approach, which doles out funding based largely on staffing positions and other inputs, has fundamental flaws that must be addressed. With the economic downturn caused by COVID-19 straining state coffers, it's becoming increasingly critical to maximize every dollar, and policymakers can do this by adopting a student-centered school finance system that puts families and educators in the driver's seat. This policy brief provides a brief overview of Idaho's school finance system, highlights its primary shortcomings, and makes several recommendations for reform.

Our analysis finds two primary issues that policymakers must address:

1. *Lack of flexibility and local discretion*: We estimate that about 65% of operating dollars have limited or no flexibility in how they're used.
2. *Unfair and arbitrary funding patterns:* We estimate that only 2.4% of operating dollars are allocated based on students.

We provide three key recommendations for reform that move Idaho toward a student-centered funding model:

#1 Streamline education dollars into a weighted student funding formula that allocates dollars based on student characteristics. For Idaho, this is the most critical component of funding reform.

#2 Equalize local operations dollars.

#3 Be strategic about any further K-12 budget reductions.

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PART 1

BACKGROUND

Idaho's funding for K-12 comes from a variety of sources, with state, local, and federal shares accounting for about 69%, 22%, and 9% of total revenue, respectively.[1] For 2020-2021 the legislature appropriated $1.98 billion as shown on the next page in Table 1.[2]

1 Federal and state revenue calculations based on 2019-2020 appropriations data obtained from "Public School Foundation Program," Idaho State Department of Education. sde.idaho.gov. (12 May 2020) www.sde.idaho.gov/finance/files/budget/2020-2021-budget/FY2021-Appropriations.pdf. (5 Aug. 2020). Local revenue calculations based on data obtained from Sherri Ybarra, "Tax Levies for School Purposes," Idaho State Department of Education, sde.idaho.govwww.sde.idaho.gov/finance/files/tax-levy/schools/FY2020-Tax-Levies- for-School-Purposes.pdf (5 Aug. 2020).

2 "Public School Foundation Program."

TABLE 1: 2020-2021 K-12 APPROPRIATION

General Fund	**$1,875,439,500**
Total State Dedicated Revenues *State Dedicated Revenue Breakdown:* • Endowment/Lands ($52,586,400) • Miscellaneous ($8,000,000) • Lottery Dividend ($24,187,500) • Bond Levy Equalization Fund ($16,609,900) • Cigarette and Lottery Taxes ($4,024,900)	**$105,408,700**
Total State Revenues	**$1,980,848,200**
Federal Revenues	**$250,000,000**
TOTAL REVENUES	**$2,230,848,200**

Source: Public School Foundation Program
Note: Does not include local dollars. State dollars displayed are 2020-2021 appropriations after 5% holdback.

Idaho's main school funding formula is entirely state funded and includes no assumption that districts will contribute local dollars to cover these core education costs. The three primary mechanisms used to allocate state education dollars are described below.[3] For a more detailed overview of Idaho's funding formula please see Appendix A.

Salary and Benefits Apportionment*:* Allocates dollars for instructional, pupil service, administrative, and classified staffing positions based largely on the quantity and value of calculated support units. Several variables affect how much funding districts ultimately receive including Average Daily Attendance (ADA), district size, student mix (i.e. enrollment by grade level), and staff experience and education levels. These funding streams accounted for about 63% of state allocations for education in 2020-2021.[4]

Categorical Funds*:* In addition to salary and benefits apportionments, 18 statutory programs deliver funding for various purposes, and Idaho's appropriation bill included an additional eight non-statutory distributions. These funding streams accounted for approximately 15%

[3] Information pertaining to Idaho's funding formula was obtained from Idaho Code 33. https://legislature.idaho.gov/statutesrules/idstat/Title33/ and "Idaho Public School Funding," Idaho State Department of Education. sde.idaho.gov. https://www.sde.idaho.gov/finance/training/iasbo/SDE-IASBO-Funding- Formula-2020.pdf (5 Aug. 2020).

[4] Calculations based on data obtained from "Public School Foundation Program."

of state allocations for education in 2020-2021. See Appendix B for a list of categorical programs.[5]

***Discretionary Funds**:* Discretionary funding is determined by subtracting state support of special programs from total state funds and allocating the remaining funding based on districts' support units. These funding streams accounted for approximately 22% of state allocations for education in 2020-2021.[6]

In addition to state and federal revenue, Idaho school districts may implement a variety of local tax levies, largely to either pay for bonds or to supplement state operations funds.[7] Each of these is levied on district property based on its market valuations, and is sometimes restricted by law in terms of how high the tax rates can be, how much money may be raised, how it may be approved (usually a majority of voters), and how the funds may be used.[8] Appendix C summarizes these levies for 2019-2020.[9]

5 Ibid.

6 Ibid.

7 Idaho Code 33 and "Tax Levies for School Purposes 2018-2019," Idaho State Department of Education, sde.idaho.gov. https://www.sde.idaho.gov/finance/files/tax-levy/schools/FY2019-Tax-Levies-for-School-Purposes.pdf (5 Aug. 2020)

8 Idaho Code 33.

9 Local revenue figures for 2020-2021 are not currently available.

PART 2

ANALYSIS

Three key challenges characterize Idaho's school finance system. While others are worth addressing, we believe that these are the core obstacles to using the state's education dollars more effectively.

2.1 LACK OF FLEXIBILITY AND LOCAL DISCRETION

Idaho is behind many other U.S. states in that most of its K-12 education funds are allocated as restricted allotments. The main formula alone prescribes most of the staffing arrangements at local school districts in terms of their ratios of teachers, administrators, and support staff. Furthermore, most state funds outside the foundation formula can only be spent on certain staff or for narrow purposes. Even many local levies are subject to state rules and have limited flexibility around their use. Beyond direct strings attached to separate state and local funding streams, Idaho has general restrictions around things such as class size, salaries, and curriculum that further shrink discretion over the limited pot of flexible funds that districts do have.[10]

For a more precise accounting of how flexible the Idaho school finance system is, we examined how all state and local operations funds were allocated for the 2020-2021 school year and estimate that about 65% of these dollars have limited to no flexibility around their use. The remaining funds were mostly flexible, and primarily came from

[10] Idaho Code 33.

discretionary funds and local levies. With few exceptions, state K-12 funds are locked into certain uses.

To some, it is not immediately clear why having limited flexibility over education funds is a problem, indicating to us that many spending requirements attached to these funds are directed towards important areas—technology, support staff, safety programs, etc. But this underscores why rigid restrictions are often unnecessary in the first place, because district leaders already know they need to devote funds for these kinds of purposes. Moreover, in cases where district and school leaders—those closest to the students—think that education dollars are more urgently needed in other areas, they largely don't have the discretion to make adjustments.

Importantly, research also indicates that prescriptive funding systems, such as the federal Title I program and state categorical programs, do little to improve student outcomes and could actually undermine the factors that boost effectiveness.[11] For example, a study on rural school districts by Georgetown University's Edunomics Lab indicates that "productivity superstars"—those that outperform their peers—are more effective at leveraging resources in ways that can't be replicated through top-down mandates.[12] And while some administrators might prefer the familiarity of Idaho's current approach, a nationally representative survey of 700 principals and district-level officials indicates that many want more flexibility, with 61% indicating that there are too many restrictions in place on how they can allocate resources and 51% viewing state legislators as the biggest obstacle to making spending decisions that best address students' needs.[13]

[11] The last comprehensive evaluation of Title I is "Prospects: The Congressionally Mandated Study of Educational Growth and Opportunity, The Interim Report," U.S. Department of Education, Office of Planning and Policy. eric.ed.gov. 1993. https://files.eric.ed.gov/fulltext/ED361466.pdf (5 Aug. 2020); William Duncombe and John Yinger, "Understanding the Incentives in California's Education Finance System: Institute for Research on Education Policy and Practice," Institute for Research on Education Policy and Practice, Stanford University, 2006. https://cepa.stanford.edu/sites/default/files/4-Duncombe-Yinger%283-07%29.pdf (5 Aug. 2020)

[12] Marguerite Roza and Georgia Heyward, "Highly Productive Rural Districts: What is the Secret Sauce?" Sept. 2015, edunomicslab.org. www.edunomicslab.org/wp-content/uploads/2015/09/ROCI_SuperProductiveRuralDistricts_Final.pdf (5 Aug. 2020).

[13] "We Asked About School Finance: What Did Districts Say?" *Education Week*, Volume 39, Number 6, 2019. www.edweek.org/ew/articles/2019/09/25/we-asked-about-school-finance-what- did.html (5 Aug. 2020).

2.2

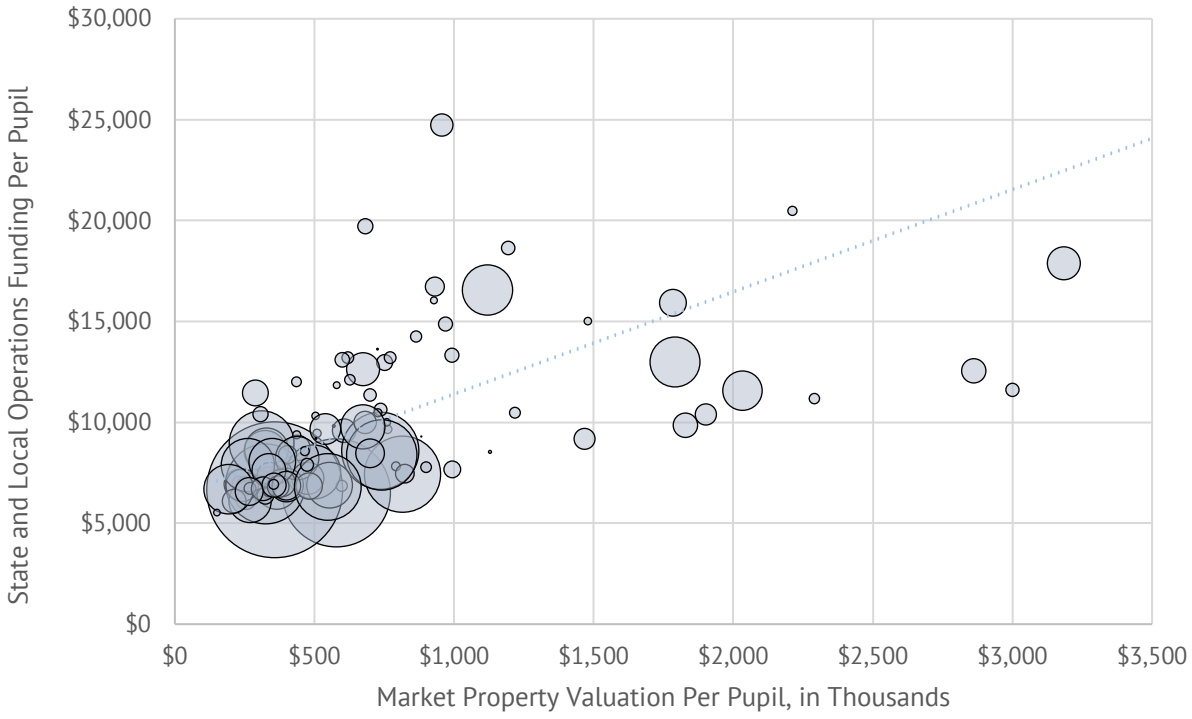
UNFAIR AND ARBITRARY FUNDING PATTERNS

Another central problem is that Idaho's school finance system results in inequitable funding patterns that arbitrarily favor students in some districts over others. There are two primary drivers behind these disparities: local dollars and the foundation formula itself.

#1 INEQUITIES DRIVEN BY LOCAL DOLLARS

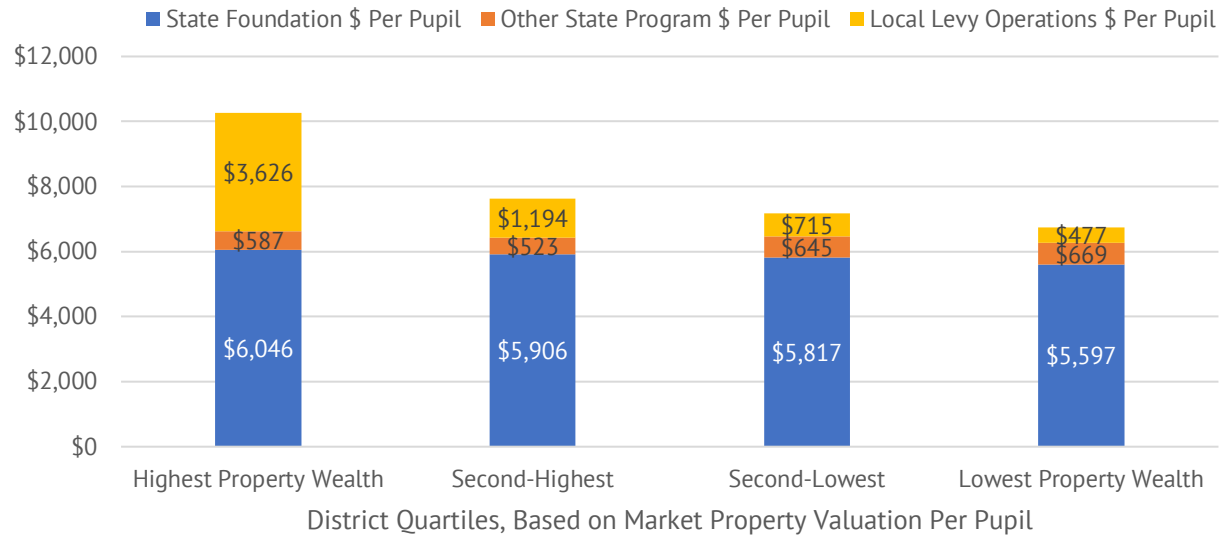
While a relatively low share of Idaho's education funding comes from local revenue, it is nevertheless a substantial source of inequities. First, look at the amount of state and local operations dollars Idaho districts of different property wealth are receiving per pupil in Figures 1 and 2.[14] Note that bubble size in Figure 1 indicates district size.

FIGURE 1: STATE AND LOCAL OPERATIONS FUNDING VS. PROPERTY WEALTH, PER PUPIL



[14] Calculations based on data obtained from "Tax Levies for School Purposes 2018-2019," "2018-2019 Financial Summaries of Idaho Schools," Idaho State Department of Education. sde.idaho.gov. https://www.sde.idaho.gov/finance/files/financial-info/reports/2018-2019-Complete-Financial-Summaries- Report.xlsx

FIGURE 2: STATE AND LOCAL OPERATIONS FUNDING FOR ALL IDAHO DISTRICTS, BASED ON PROPERTY WEALTH PER PUPIL (WEIGHTED FOR DISTRICT SIZE)



Figures 1 and 2 demonstrate how local operations levies in Idaho are the biggest drivers of funding disparities between districts of varying property wealth, with the wealthiest districts receiving more than seven times more than the lowest-wealth districts from local operations levies. Overall, Idaho's wealthiest districts receive 34.3% more per pupil than the state's lowest-wealth districts in state and local operations dollars. Outside of disparities in local property tax revenues, higher-wealth districts also receive more per-pupil funds from the state foundation program, which is displayed in Figure 3 below:

FIGURE 3: STATE FOUNDATION AID VS. MARKET PROPERTY VALUATION, PER PUPIL

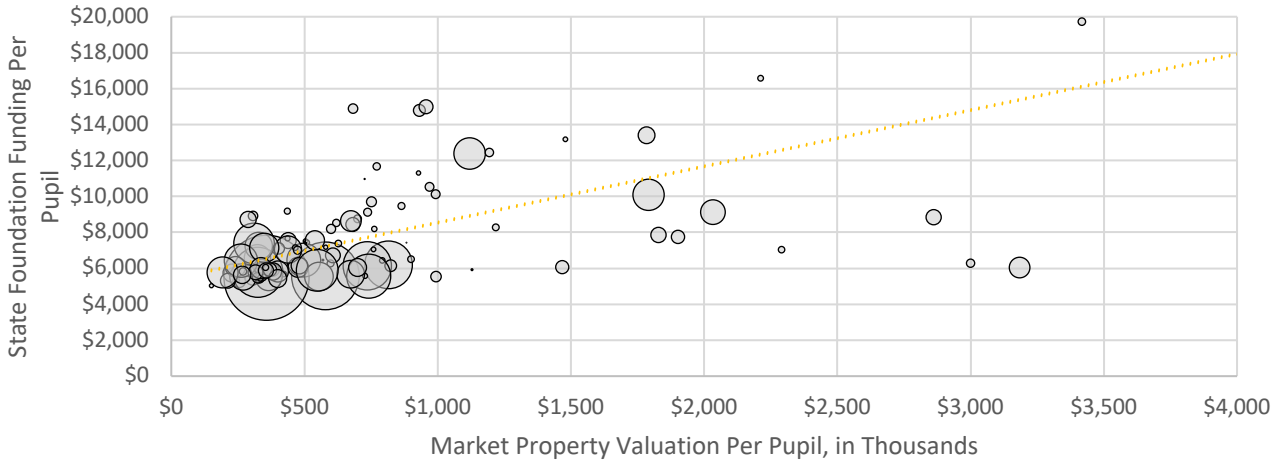
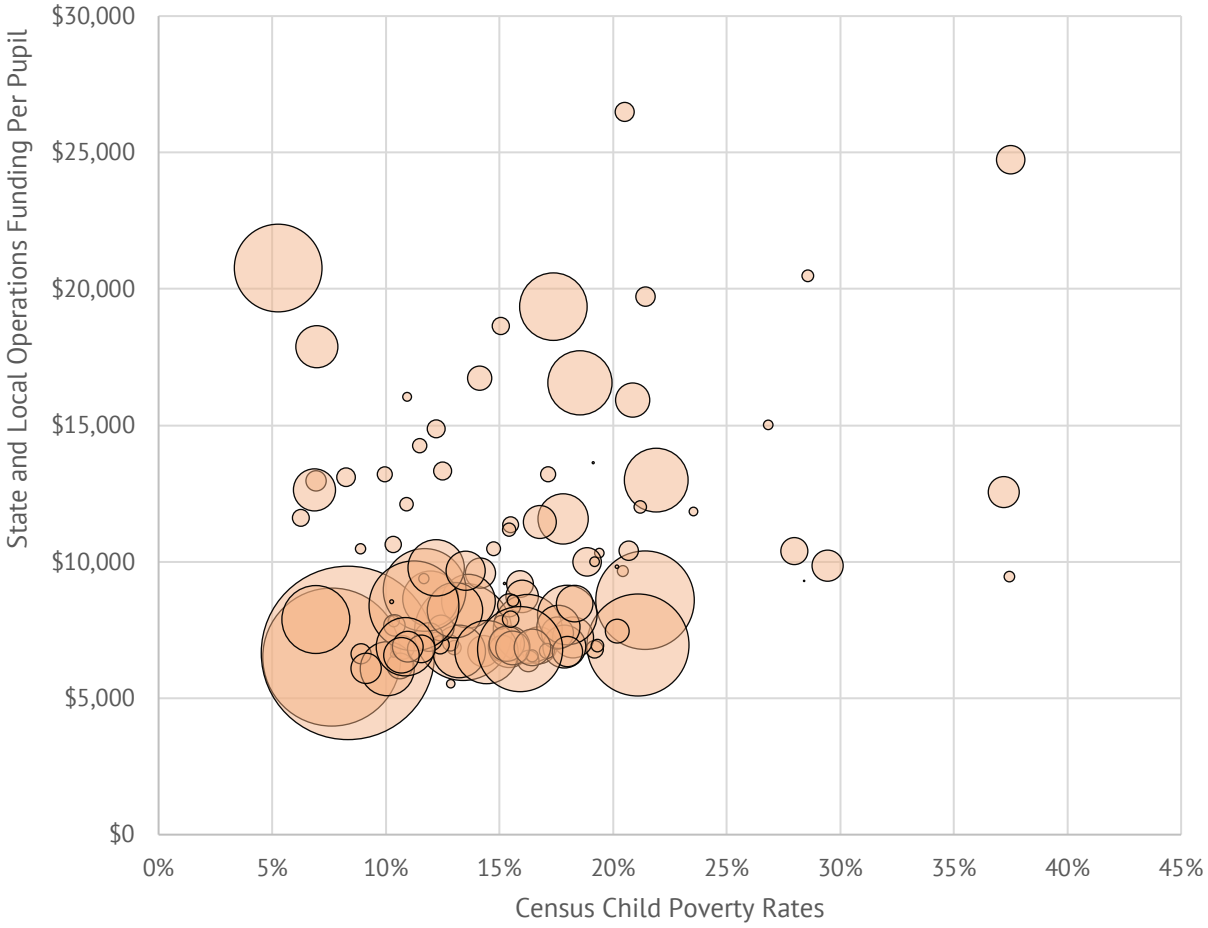


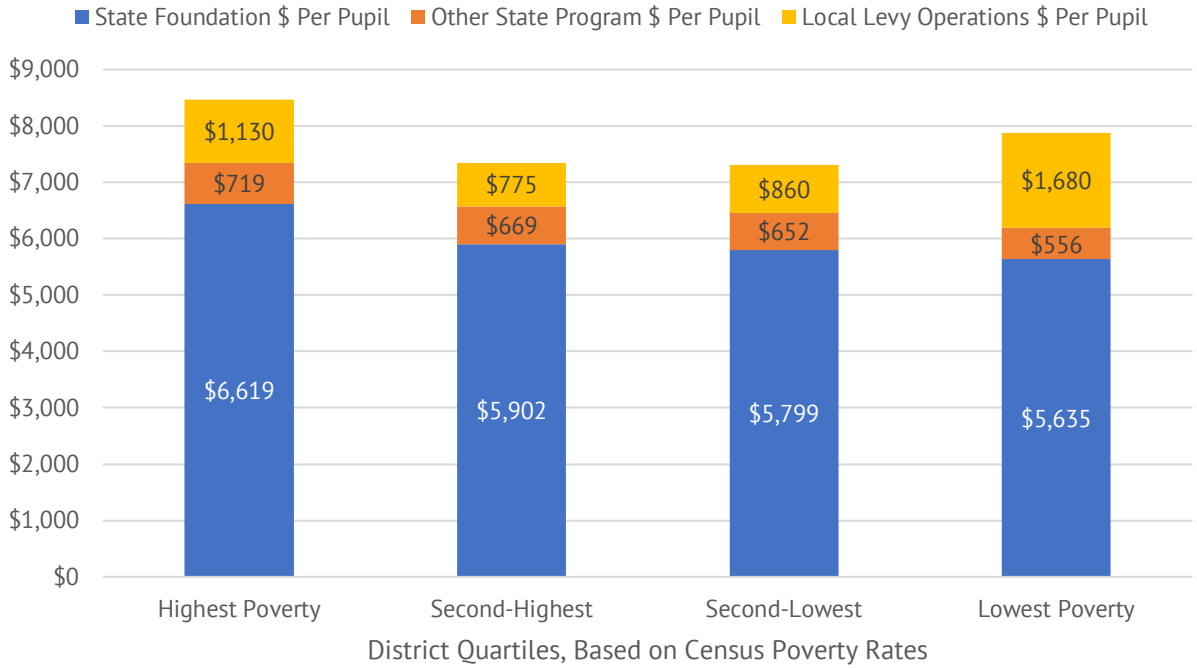
Figure 3 highlights how even the state foundation formula generally favors wealthier districts, primarily due to the salary apportionment system that is detailed later. Note next that property wealth and funding levels are not necessarily correlated closely with poverty rates. To paint a clearer picture, Figures 4 and 5 show per pupil operations funding based on U.S. Census child poverty rates.[15]

FIGURE 4: STATE AND LOCAL OPERATIONS FUNDING PER PUPIL VS. CENSUS CHILD POVERTY RATES



15 Calculations based on data obtained from "Tax Levies for School Purposes 2018-2019," "2018-2019 Financial Summaries of Idaho Schools," Idaho State Department of Education. sde.idaho.gov. https://www.sde.idaho.gov/finance/files/financial-info/reports/2018-2019-Complete-Financial-Summaries- Report.xlsx (5 Aug. 2020); "U.S. Census Small Area Income and Poverty Estimates, 2018," United States Census Bureau, Census.gov. https://www.census.gov/data/datasets/2018/demo/saipe/2018-school-districts.html (5 Aug. 2020).

FIGURE 5: STATE AND LOCAL OPERATIONS FUNDING FOR ALL IDAHO DISTRICTS BASED ON POVERTY (WEIGHTED FOR DISTRICT SIZE)



In contrast with Figures 1 and 2, Figures 4 and 5 don't display a clear relationship between child poverty and funding levels. While Idaho's highest-poverty districts are receiving the highest funding per pupil, notice that the middle quartiles are receiving significantly lower per-pupil funding than the state's least-poor districts. Additionally, while not receiving the highest funding, Idaho's lowest-poverty districts are receiving the most from local levies, indicating that the state's highest property-wealth districts also tend to have lower poverty rates. The lack of a clear linear relationship between poverty levels and funding indicates that Idaho's system—while not always biased against low-income students—allocates dollars arbitrarily and in ways often unrelated to individual student needs. Again, variations in state foundation funding are attributable to several factors, as noted in Figures 1 through 3.

#2 INEQUITIES DRIVEN BY THE SALARY APPORTIONMENT SYSTEM

Idaho allocates very few of its education dollars based on students. In fact, we estimate that only 2.4% of operating dollars are delivered to districts based on the students they serve. Recall that a key feature of Idaho's school finance system is that it allocates foundation funds as support units rather than a fixed dollar amount per pupil. Importantly,

and as a result of this mechanism, the number of support units districts receive is based largely on ADA, district size, and student mix. However, districts don't receive a uniform amount of funding per support unit. Instead, funding levels ultimately vary based on the employees that districts hire and where these employees fall on the state's two salary schedules: the career ladder table for instructional and pupil service staff and the multiplier table for administrative staff. As a result, districts with more-senior staff members and higher educational attainment receive more dollars per support unit.

To illustrate, consider a case study of neighboring school districts Boise Independent and Kuna, two districts that are treated similarly by the foundation formula because of their similar size and proportions of elementary and secondary students.

FIGURE 6: AVERAGE SUPPORT UNIT VALUE FOR TWO SIMILAR DISTRICTS

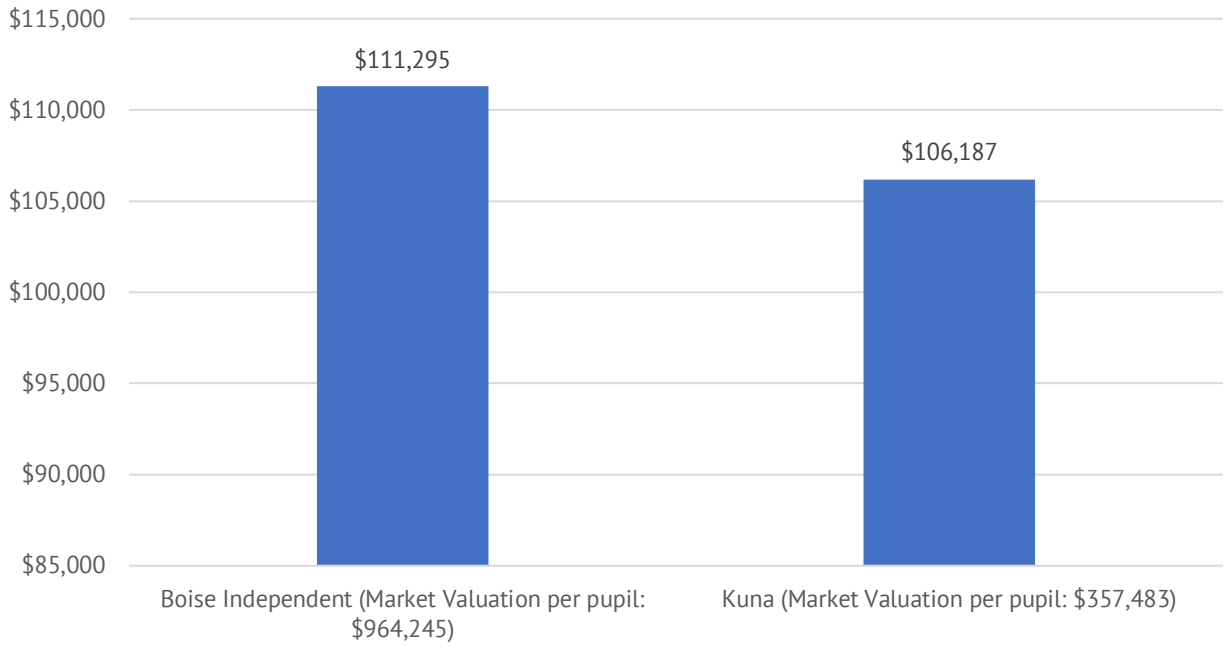
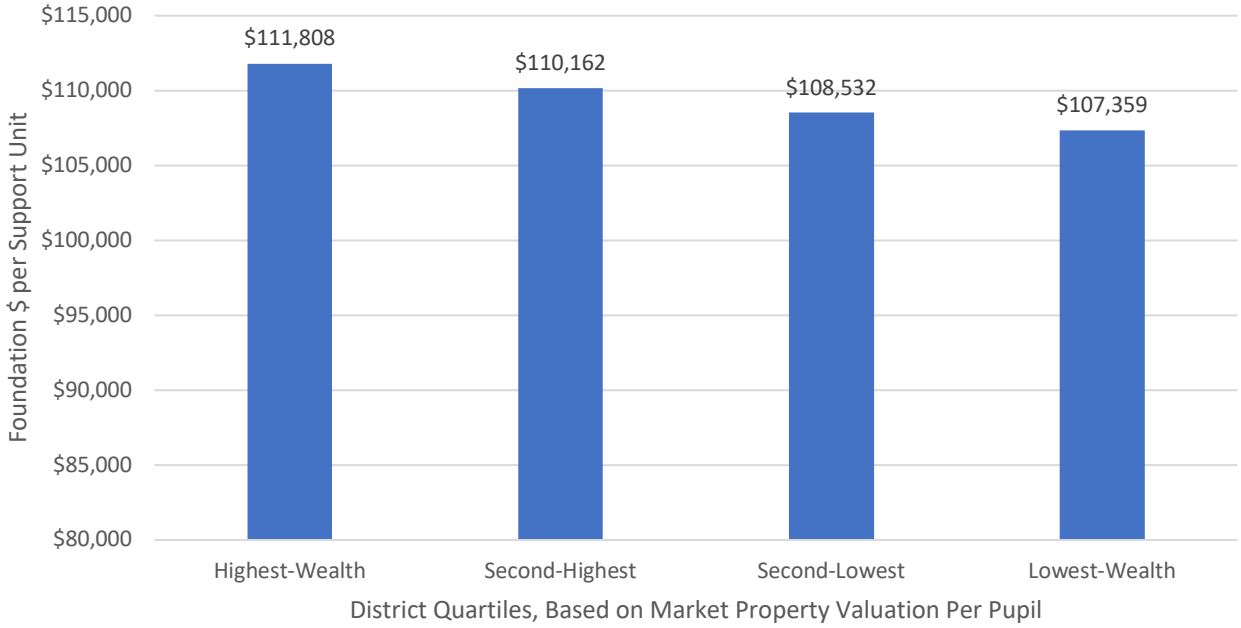


Figure 6 shows that Boise is receiving roughly $5,000 more for each support unit, which is likely due to differences in staff experience and education levels rather than student needs. Additionally, this mechanism clearly yields an overall result whereby the state's wealthiest districts are receiving more funds for each support unit as shown in Figure 7.[16] Once again this is likely due to differences in staff characteristics.

[16] Calculations based on data obtained from "Complete Financial Summaries by District/Charter, 2018-2019," Idaho State Department of Education, sde.idaho.gov. https://www.sde.idaho.gov/finance/files/financial- info/reports/2018-2019-Complete-Financial-Summaries-Report.xlsx (5 Aug. 2020).

FIGURE 7: AVERAGE SUPPORT UNIT VALUE, BASED ON DISTRICT PROPERTY WEALTH PER PUPIL (WEIGHTED FOR DISTRICT SIZE)



Some proponents of Idaho's salary apportionment system argue that this practice allows districts to make hiring decisions without worrying directly about their salary demands, and thus can make hiring decisions simply based on what they believe is best for students. However, this argument ignores that not all districts will have access to equal levels of teacher talent or experience. Due to existing disparities driven by local levy funds, lower-wealth districts in Idaho are already at a disadvantage in their ability to pay comparable salaries to their higher-wealth neighbors. For instance, when we compare the salary schedules of Kuna and Boise, the wealthier and more highly funded Boise generally offers higher teacher salaries, especially for more-experienced and more-educated candidates.[17] Reports from various Idaho district officials further corroborate that lesser-resourced districts struggle to retain teachers when neighboring districts can offer more competitive pay.[18] Moreover, it also turns a blind eye to the fact that districts with less-experienced staff are essentially subsidizing those with more-tenured staff. This means that dollars

17 Boise Independent 2020-2021 Teacher, Nurse, Counselor Certified Salary Schedule. https://drive.google.com/file/d/0Bz1gltnu95RLcTd2NUhEdV8tNGc/view. Kuna Joint 2019-2020 Master Contract. https://www.kunaschools.org/images/documents/pdf/expenditures/master_contracts/MasterContract2019-20.pdf

18 "Special Report: Teacher Salary Gaps Are Wide, and They Aren't Going Away," *Idaho Ed News* 6 June 2015. https://www.idahoednews.org/news/special-report-teacher-salary-gaps-are-wide-and-they-arent-going-away/

saved by hiring younger teachers can't be spent on things that would benefit their kids—such as additional staff, programs, and services.

In summary, all this evidence suggests that local funding disparities in Idaho allow some districts to attract more-experienced teachers—and consequently additional state funding. Students aren't funded fairly, and districts aren't on level playing fields when competing for talent. More generally, the complexity in the salary apportionment system makes it difficult to evaluate funding fairness across districts, leaving district and community advocates in the dark as to how state education funding can be made more equitable.

PART 3

RECOMMENDATIONS

To address these problems with Idaho's school finance system, policymakers should move away from its antiquated resource-based model by adopting student-centered funding, which has several key advantages as outlined below in Table 2.

TABLE 2: FUNDING MODEL COMPARISON

Resource-Based Funding Model	Student-Centered Funding Model
• Funding is based primarily on staffing allotments • Funding accounts for district needs • Local property wealth affects funding levels • Some dollars stay with districts • Dollars have strings attached • Requires a compliance mindset • Important financial data are difficult to obtain	• Funding is based on student enrollment • Funding accounts for student needs • Funding has no relation to local property wealth • All dollars follow the student • Dollars are flexible • Encourages a strategic mindset • Robust financial transparency

To do this we recommend three key reforms to help move the state in that direction.

3.1

#1 STREAMLINE EDUCATION DOLLARS INTO A WEIGHTED STUDENT FORMULA

Idaho should overhaul its funding formula so that it provides a foundational dollar amount that is the same for all students, with per-pupil weights that adjust funding based on student needs. Ideally, this formula would streamline operating revenue streams, including most categorical funds, into one coherent formula. Importantly, this means ensuring that funding levels are no longer based on factors such as staff experience or district size. While there isn't one right way to structure a weighted student formula (WSF), policymakers can customize a formula to their students' needs by applying the following principles.

Keep it simple: Generally, it is best to employ a straightforward formula that avoids overlap among categories. Most dollars should flow through the foundational allotment, and Idaho should move away from using Average Daily Attendance to count students.

Don't attach strings: Dollars should be delivered as unrestricted revenue so that district leaders are empowered to make spending decisions.

Be strategic: Weighted student categories should be selected based on a state's unique needs, accounting for things such as student demographics and current performance levels.

Consider all funding: Policymakers should aim to allocate all or nearly all dollars through a WSF.

Policymakers in Idaho can learn from California's experience with transitioning to a new funding system.[19] In 2013, California modernized its school finance system by streamlining more than 30 categorical grants into a simple weighted student formula that bases funding on individual students. Several studies have examined the effects of California's school finance overhaul, and the results are largely positive. In a survey of superintendents, 82% agreed that it is leading to greater alignment among goals, strategies, and resource allocation decisions, and 74% indicated that the financial flexibility enabled their district to match spending with local needs. Importantly, weighted student funding has improved funding equity, and there's evidence that it has prompted cultural shifts within districts.

[19] For a summary of California's transition and an overview of related research see Aaron Garth Smith, "California's Local Control Funding Formula Provides a Model For K-12 School Finance Reform," Reason.org, 5 May 2020. https://reason.org/commentary/californias-local-control-funding-formula-provides-a-model-for-k-12-school-finance-reform/ (5 Aug. 2020).

3.2

#2 EQUALIZE LOCAL OPERATIONS FUNDING

The biggest driver of funding disparities across different Idaho school districts is local levies. When looking at levies for operations, there is a clear and strong relationship between a district's property wealth and the amount of local funds it raises. Ultimately, this means wealthier districts have more funds per pupil to hire additional staff, pay higher salaries, and fund more programs. To address this inequity, Idaho can take a variety of approaches to minimize these disparities. Here are some options accompanied by examples of other states that use them to equalize local revenue:

RECAPTURE

Several states employ some form of recapture, in which at least a portion of local dollars is remitted to the state and reallocated more evenly across districts. Wyoming's provision, which recaptures all local dollars collected beyond what the state's formula provides, is the strongest. Texas' recapture mechanism, which is less stringent, has two distinct recapture thresholds and still gives districts some discretion over local property tax rates. Although recapture can be controversial and perhaps present legal challenges, it doesn't necessarily require the state to collect local revenue. For example, Idaho could potentially "recapture" dollars by pegging local levies to a guaranteed level per pupil and reducing a district's state formula funding by a commensurate amount for any excess dollars raised.

STATEWIDE PROPERTY TAX

Barring any legal restraints, Idaho's local property tax assessments could be replaced by a statewide levy that pools revenue. For example, education funding in Vermont is raised almost entirely at the state level using this approach. Districts may still increase their budgets with voter approval, but additional spending levels are pegged to specific tax rates, with the state retaining any excess dollars raised (a form of recapture). Again, Idaho could replace its two largest operations levies with a statewide property tax so that tax burdens and education dollars can be spread more fairly.

TAX SWAP

Dollars that are currently raised locally could be replaced with state revenue, and thus distributed more fairly. Idaho has already taken steps in this direction, having increased the state sales tax in exchange for eliminating the local M&O share of the state funding formula in 2006.[20] Idaho's M&O overrides, such as the Budget Stabilization and Supplemental levies, could be eliminated in exchange for a state tax revenue increase.

CONTAINMENT OF LOCAL DOLLARS

Idaho can enact additional limitations on district access to local revenue. California school districts aren't permitted to raise additional operating revenue from property taxes. And Texas, which caps local tax rates, now requires efficiency audits before asking voters to approve new funding. These publicly available reports will help voters assess the degree to which additional operating dollars are necessary.

Each of these approaches has different tradeoffs, and Idaho could also employ some combination of these approaches to get closer to equalizing local operations funds. Of course, political realities should be considered as well, as each approach may generate different groups of "winners" and "losers" in terms of changes to each district's overall funding levels. For additional information on current tax burden disparities, see Appendix C.

3.3 #3 BE STRATEGIC WITH ANY FURTHER BUDGET CUTS

If additional budget cuts beyond the recent 5% holdback are necessary before Idaho transitions to a new formula, then policymakers must pay close attention to how these reductions are made. This is especially critical given the rigid nature of the current resource-based system and observed spending differences caused by local dollars. These factors, among others, should be considered, and policymakers should seek to maintain or increase the flexible portion of education funding to give local leaders maximum discretion over how to adjust to the shifting fiscal realities.

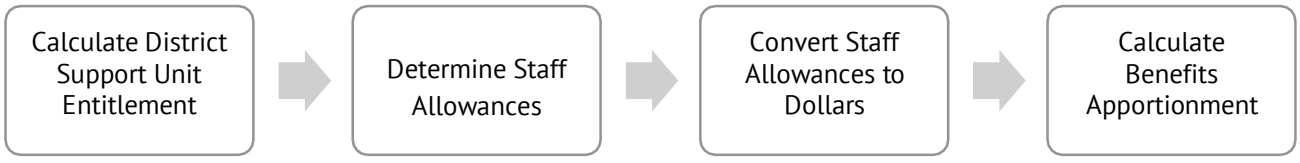
[20] "Idaho Public School Funding: 1980 to 2013," Idaho Center for Fiscal Policy, Aug 2014. http://idahocfp.org/new/wp-content/uploads/2014/08/Idaho-Education-Funding.pdf (5 Aug. 2020).

APPENDIX A: IDAHO'S SCHOOL FINANCE FORMULA

Idaho's funding formula has three primary allocation mechanisms—salary and benefits apportionment, categorical funds, and discretionary funds—which are explained in the following sections.[31] Importantly, this resource is intended to be an overview and does not necessarily include all pertinent policy details that ultimately affect funding levels.

A1. SALARY AND BENEFITS APPORTIONMENT

The salary and benefits apportionment allocates dollars for four types of staffing positions: instructional, pupil service, administrative, and classified. There are four steps in determining districts' funding levels for this component.



STEP ONE: CALCULATE SUPPORT UNIT ENTITLEMENT

The first step determines the total number of support units that districts are awarded. Support units are allocated based on Average Daily Attendance (ADA) and divisors, which in some cases vary by total district ADA. Separate tables are used to calculate kindergarten support units, elementary support units, secondary support units, exceptional education support units, and alternative school support units, with a minimum number of units provided in most tables. Importantly, for reasons outlined below, support units do *not* have a fixed dollar amount and vary considerably in value among districts. In FY 2020, a support unit was worth approximately:

- $2,600 per Kindergarten ADA (divisor of 40)
- $4,600 to $8,800 per Elementary (grades 1-6) ADA (divisors from 23 to 12)
- $5,700 to $8,800 per Secondary (grades 7-12) ADA (divisors from 18.5 to 12)
- $7,300 per Exceptional ADA (divisor of 14.5)
- $8,800 per Alternative (grades 6-12) ADA (divisor of 12)

STEP TWO: DETERMINE STAFF ALLOWANCES

After determining support units, the total number can be used to calculate the number of staffing positions to provide to districts. The following ratios are used for each position type:

- Instructional (1.021)[21]
- Pupil Service (0.079)
- Administrative (0.075)
- Classified (0.375)

For example, a district with 100 support units would generate the following staff allowances:

- 102.1 Instructional
- 7.9 Pupil Service
- 7.5 Administrative

[21] Information pertaining to Idaho's funding formula was obtained from Idaho Code 33 and "Idaho Public School Funding."

- 37.5 Classified

Importantly, districts with less than 40 support units receive additional instructional and administrative FTEs and, for districts to receive their full allowances for instructional and pupil service without penalty, they must employ a minimum number of staff within these categories. This is often referred to as "use it or lose it." In FY 2015, this figure was pegged at 9.5% less FTE than each district's staff allowance, which is reduced by 1% each year beginning in FY 2016 for school districts that exceed the statewide average class size.

STEP THREE: CONVERT STAFF ALLOWANCES TO DOLLARS

After staff allowances are determined, districts' salary apportionments are determined by separate calculations for each position type.

Instructional and Pupil Service Staff

The apportionments for instructional and pupil service staff are each calculated using a weighted average of the amounts indicated on the career ladder table plus additional allocations for educational attainment. The amounts calculated are then multiplied by districts' respective staff allowances for these position types. No staff can be paid less than the minimum dollar amounts indicated in the Career Ladder compensation schedule.

TABLE A1: CAREER LADDER TABLE

Base Allocation	1	2	3	4	5
Residency	$40,000	$40,500	$41,000		
Professional	$42,500	$44,375	$46,250	$48,126	$50,000
Advanced Professional	$52,000				

Notably, staff holding a professional or an advanced professional endorsement—a baccalaureate degree and 24 or more credits—generate an additional $2,000 annually, while those holding a professional or an advanced professional endorsement plus a master's degree generate $3,500 annually. Districts also receive an additional $3,000 for career technical education instructional staff holding an occupational specialist certificate.

Administrative Staff

The apportionment for administrative staff is determined using a district-wide index. This is calculated using a multiplier table, which accounts for education and experience levels, and a base salary of $38,017. The resulting figure for each district is then multiplied by its staff allowance for administrative positions. Administrative base salaries are reviewed and set by the legislature.

Classified Staff

The apportionment for classified staff is determined by multiplying $22,761 by a district's classified staff allowance. Classified base salaries are reviewed and set by the legislature.

STEP FOUR: CALCULATE BENEFITS APPORTIONMENT

The state must allocate funds to meet the employer's obligations to the public employee retirement system and to Social Security. This is based on the rates set by the Public Employee Retirement System of Idaho and FICA and equals 19.59% of salary apportionment.

Categorical Funds

In addition to salary and benefits apportionments and discretionary funds, 18 statutory programs deliver funding for purposes such as transportation, college and career counseling, and school facilities maintenance. Idaho's appropriation bill also includes another eight non-statutory distributions, including IT staffing, technology, and professional development. A summary of these allocations is included in Appendix B.

Discretionary Funds

Discretionary funding is determined by subtracting state support of special programs from total state funds and allocating the remaining funding based on districts' support units and the state distribution factor per support unit. For 2020-2021 approximately $435,971,200 in net state funding was appropriated—or about 22% of all state education revenue.

Notably, school districts with decreased total ADA of 3% or more from the year prior are held harmless for funding lost beyond this amount.

APPENDIX B: 2020-2021 EDUCATION APPROPRIATIONS

TABLE B1: 2020-2021 IDAHO EDUCATION APPROPRIATIONS	
Federal Expenditures	$250,000,000
Statutory Expenditures (22)	
Transportation	$83,040,000
Border Contracts	$1,484,000
Exceptional Contracts and Tuition Equivalents	$5,833,400
Salary-Based Apportionment (admin., classified)	$216,140,300
Employer's Benefit Obligations (admin., classified)	$41,888,000
Career Ladder Salaries	$826,265,900
Career Ladder Employer's Benefit Obligations	$160,013,800
Master Educator Premiums	$7,175,400
Leadership Premiums	$0
Teacher Incentive Award	$90,000
Idaho Safe and Drug-Free Schools	$4,024,900
Bond Levy Equalization Support Program	$25,406,500
Charter School Facilities	$10,372,600
Idaho Digital Learning Academy	$12,078,400

School Facilities Funding (lottery)	$24,187,500
School Facilities Maintenance Match	$1,972,200
Advanced Opportunities	$20,000,000
Math and Science Requirement	$6,502,600
Continuous Improvement Plans and Training	$652,000
Mastery-Based Education	$1,400,000
College and Career Advisors and Student Mentors	$9,000,000
Literacy Intervention	$26,146,800
Non-Statutory Expenditures (8)	
Technology	$26,500,000
IT Staffing	$4,000,000
Student Achievement Assessments	$2,258,500
Math Initiative	$1,817,800
Remediation/Waiver	$5,456,300
English Language Learners	$4,870,000
Professional Development	$12,550,000
Content and Curriculum	$4,750,000
Central Services Reduction	-$1,000,000
TOTAL EXPENDITURES	**$1,794,877,000**
PUBLIC EDUCATION STABILIZATION FUNDS	**$0**
NET STATE FUNDING	**$435,971,200**

Source: Data obtained from "Public School Foundation Program."

APPENDIX C: 2018-2019 LOCAL LEVIES AND TAX EFFORT DATA

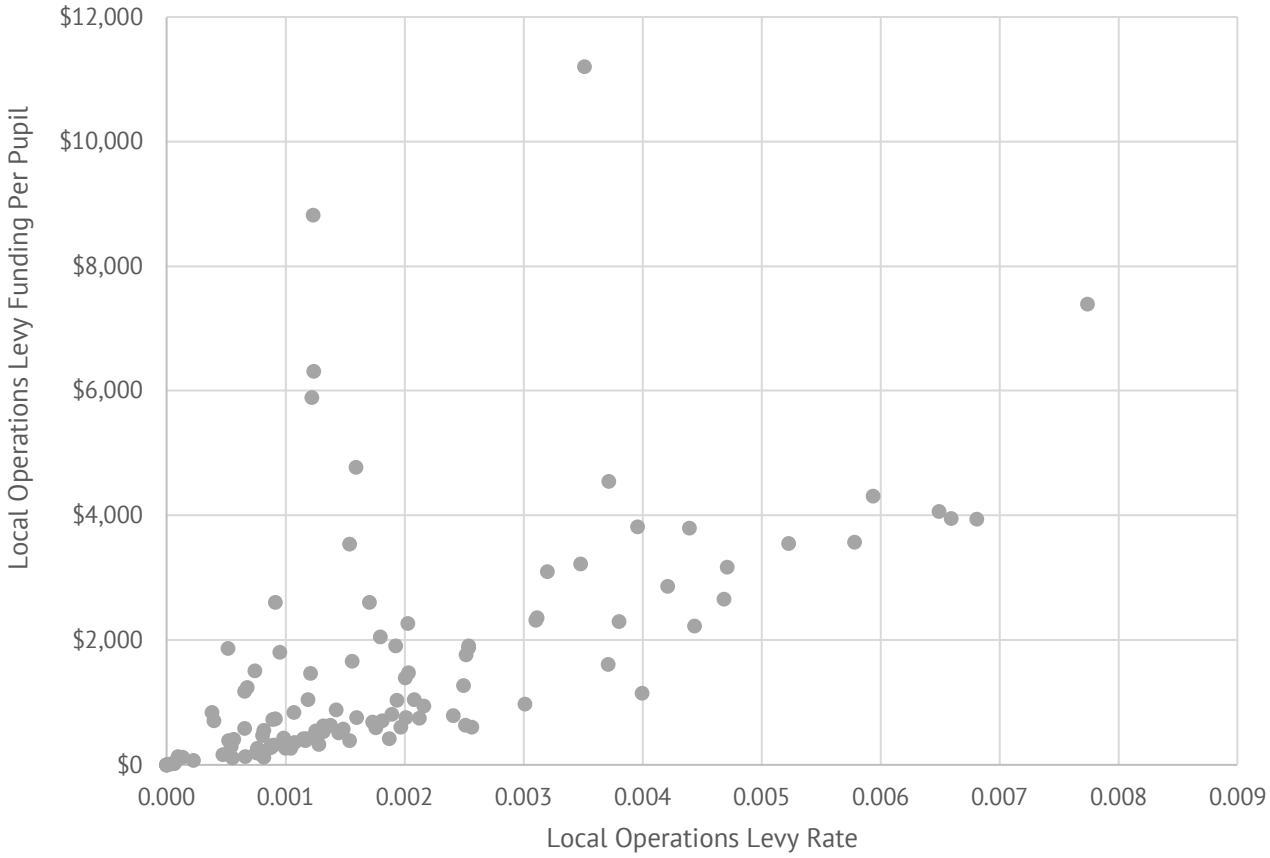
TABLE C1: 2018-2019 IDAHO LOCAL LEVIES AND TAX EFFORT DATA

Levy	Revenue	District Count	Description
Supplemental	$213,985,255	92	General operations levy, requires majority voter approval. Term no longer than two years.
Emergency	$12,758,199	14	Only available to districts with larger ADA than the previous year. Amount raised can't exceed the amount equivalent to their increase in foundation funding per ADA from the prior year.
Tort	$3,137,851	75	Used to pay for liability insurance that covers any aspect of district operations. Can't grow by more than 3% each year.
Cooperative Services, Tuition, or Judgment	$1,662,163	5,3,0	COSSA: Cooperative services with more than one district. Tuition: Raised and paid by sending districts to receiving districts for transfer students. Judgment: Raised to cover judgment costs when committing a defendant student to a criminal institution.
Redemption Bonds	$210,992,693	66	Used to pay for principal and interest of all existing bonds. Cannot exceed bonded indebtedness obligations.

Levy	Revenue	District Count	Description
Plant Facility	$57,196,217	55	These funds may be invested, used to pay down bonds in some circumstances, and be used to repay commercial lenders. The levy amount can't exceed .004 of district market value and term can't be more than 10 years. The term may be extended to 20 years if for safe school facilities.
M&O Budget Stabilization	$120,066,565	5	Only available to some districts that didn't receive state equalization funds in 2006. Amount raised can't put districts above overall 2007 state and local M&O funding levels.
Total	$619,798,943		

Source: Data obtained from "Tax Levies for School Purposes 2018-2019."

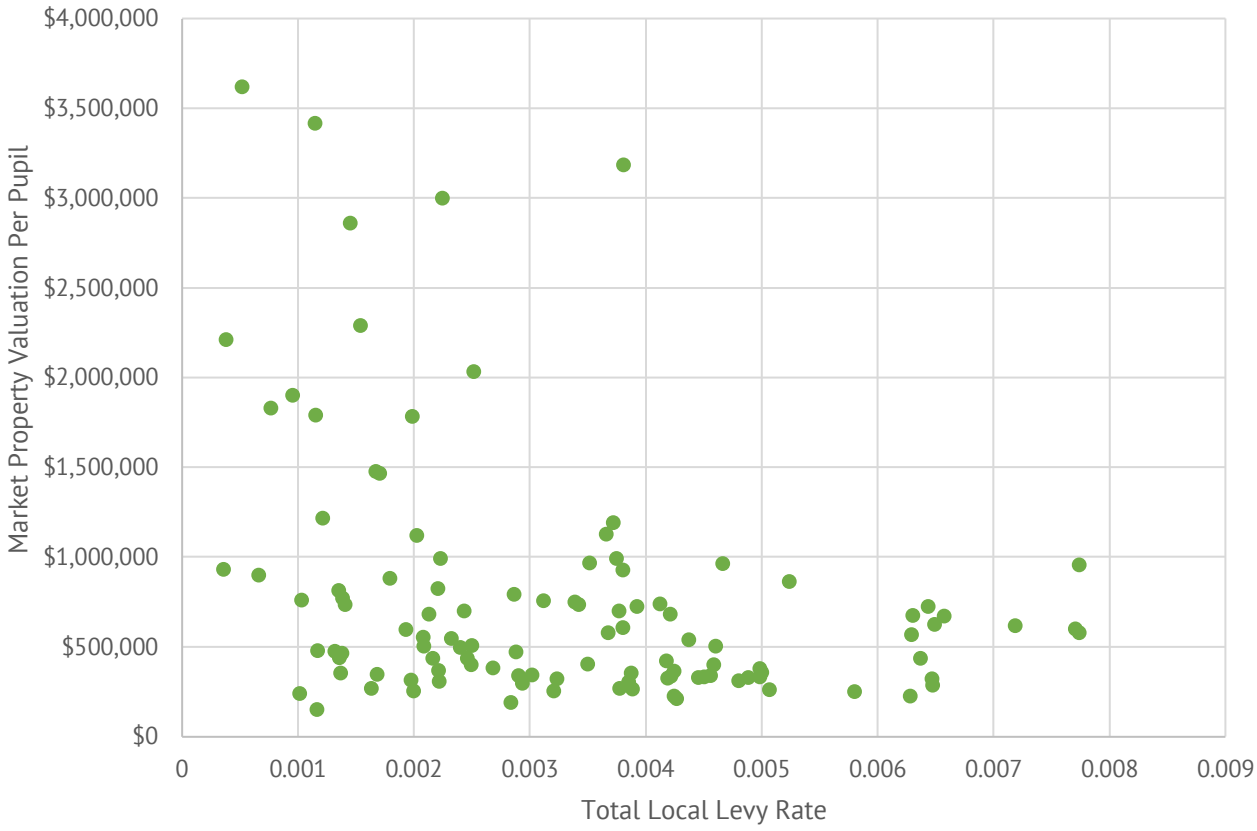
FIGURE C1: OPERATIONS LEVY RATE VS. LOCAL OPERATIONS LEVY PER PUPIL



Source: "Tax Levies for School Purposes 2018-2019." Idaho State Department of Education. sde.idaho.gov. https://www.sde.idaho.gov/finance/files/tax-levy/schools/FY2019-Tax-Levies-for-School-Purposes.pdf

Notice in Figure C1 how, although a higher local operations tax rate is generally correlated with higher local operations funding, some districts raise substantial funds with relatively low tax effort. Conversely, other districts exert substantial tax effort but raise relatively low amounts of local funds, largely due to having lower property wealth.

FIGURE C2: MARKET PROPERTY VALUATION PER PUPIL VS. TOTAL LOCAL LEVY RATE



Source: "Tax Levies for School Purposes 2018-2019." Idaho State Department of Education. sde.idaho.gov. https://www.sde.idaho.gov/finance/files/tax-levy/schools/FY2019-Tax-Levies-for-School-Purposes.pdf

Figure C2 builds on the previous point from Figure C1 by showing how districts that tax at the highest overall rates (both facilities/debt and operations) tend to have comparatively low property wealth, suggesting that property wealth disparities and poorer districts attempting to raise funding comparable to that of their wealthier neighbors partially drive tax effort disparities.

APPENDIX D: SUMMARY OF STATE AND LOCAL FUNDING BY DISTRICT

TABLE D1: IDAHO STATE AND LOCAL FUNDING PER PUPIL BY DISTRICT

District Name	State and Local Operations Funds, Per Pupil	All State and Local Funds, Per Pupil
BOISE	$10,069	$10,756
MERIDIAN	$6,508	$8,180
KUNA	$6,661	$7,931
MEADOWS	$12,993	$13,880
COUNCIL	$9,660	$10,048
MARSH	$6,855	$7,999
POCATELLO	$6,728	$7,201
BEAR	$7,433	$7,788
ST. MARIES	$9,586	$9,586
PLUMMER-WORLEY	$10,392	$10,392
SNAKE	$7,023	$8,028
BLACKFOOT	$6,938	$7,338
ABERDEEN	$8,557	$9,674
FIRTH	$6,862	$6,978
SHELLEY	$6,183	$6,749

District Name	State and Local Operations Funds, Per Pupil	All State and Local Funds, Per Pupil
BLAINE	$17,883	$18,839
GARDEN	$11,571	$15,168
BASIN	$10,479	$10,479
HORSESHOE	$11,358	$11,658
WEST	$11,178	$11,178
LAKE	$9,183	$9,183
IDAHO	$6,714	$7,673
SWAN	$20,766	$21,694
BONNEVILLE	$6,612	$7,445
BOUNDARY	$8,593	$9,249
BUTTE	$8,733	$8,895
CAMAS	$13,328	$15,132
NAMPA	$7,218	$8,181
CALDWELL	$6,951	$7,992
WILDER	$7,542	$8,734
MIDDLETON	$6,630	$7,723
NOTUS	$8,640	$9,915
MELBA	$6,957	$7,999
PARMA	$7,573	$8,706
VALLIVUE	$7,241	$8,406
GRACE	$8,968	$9,848
NORTH	$12,966	$13,601
SODA	$7,824	$9,247
CASSIA	$6,824	$7,559
CLARK	$16,560	$16,560
OROFINO	$10,321	$10,404
CHALLIS	$9,858	$10,010
MACKAY	$10,635	$11,255
PRAIRIE	$69,786	$69,786
GLENNS	$9,300	$9,828
MOUNTAIN	$6,793	$7,070
PRESTON	$6,082	$6,503
WEST	$6,886	$6,943
FREMONT	$7,459	$8,543
EMMETT	$7,228	$7,228
GOODING	$6,893	$7,382
WENDELL	$7,389	$8,339
HAGERMAN	$9,997	$10,891

District Name	State and Local Operations Funds, Per Pupil	All State and Local Funds, Per Pupil
BLISS	$13,208	$14,218
COTTONWOOD	$9,384	$9,384
SALMON	$18,642	$18,642
MOUNTAIN	$10,003	$10,003
JEFFERSON	$6,096	$6,895
RIRIE	$7,885	$8,873
WEST	$8,404	$9,284
JEROME	$6,363	$7,338
VALLEY	$8,226	$8,755
COEUR	$7,671	$8,385
LAKELAND	$8,386	$9,143
POST	$6,888	$7,295
KOOTENAI	$19,351	$21,080
MOSCOW	$10,477	$10,842
GENESEE	$12,635	$13,711
KENDRICK	$13,207	$14,076
POTLATCH	$12,111	$12,111
TROY	$13,100	$13,765
WHITEPINE	$14,256	$14,981
SALMON	$7,780	$7,780
SOUTH	$16,730	$16,938
NEZPERCE	$16,046	$16,344
KAMIAH	$9,457	$9,457
HIGHLAND	$14,873	$15,181
SHOSHONE	$8,577	$8,577
DIETRICH	$10,406	$11,086
RICHFIELD	$12,011	$13,169
MADISON	$6,553	$7,703
SUGAR-SALEM	$6,689	$7,145
MINIDOKA	$6,997	$7,458
LEWISTON	$9,778	$10,698
LAPWAI	$8,050	$8,557
CULDESAC	$19,719	$19,719
ONEIDA	$5,531	$5,583
MARSING	$7,615	$8,671
PLEASANT	$51,765	$51,765
BRUNEAU-GRAND	$13,631	$15,001
HOMEDALE	$6,731	$7,477

District Name	State and Local Operations Funds, Per Pupil	All State and Local Funds, Per Pupil
PAYETTE	$6,710	$7,062
NEW	$6,843	$7,377
FRUITLAND	$6,809	$7,437
AMERICAN	$8,467	$9,349
ROCKLAND	$11,458	$12,174
ARBON	$20,481	$20,481
KELLOGG	$9,820	$10,734
MULLAN	$24,736	$24,736
WALLACE	$11,843	$12,382
AVERY	$26,488	$26,488
TETON	$8,538	$10,664
TWIN	$6,863	$8,269
BUHL	$6,800	$7,788
FILER	$6,890	$7,945
KIMBERLY	$6,574	$7,407
HANSEN	$9,672	$10,984
THREE	$31,422	$35,337
CASTLEFORD	$9,205	$9,205
MURTAUGH	$7,897	$9,249
MCCALL-DONNELLY	$11,610	$13,573
CASCADE	$12,555	$14,098
WEISER	$6,929	$7,143
CAMBRIDGE	$15,927	$18,764
MIDVALE	$15,018	$17,349

Source: Idaho Foundation Payments and Special Distributions as of July 15, 2019, Idaho State Department of Education, Public School Finance Department. https://www.sde.idaho.gov/finance/
"Per Pupil" connotes revenue per Average Daily Attendant, as reported in the 2018-2019 Financial Summaries of Idaho Schools.
"Operations Funds" exclude all state and local funds intended for facilities, bonded indebtedness, and other capital projects.

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