

MINUTES
(Subject to Approval by the Committee)
Public School Funding Formula Committee
Monday, November 26, 2018
11:30 A.M.
Room EW42
State Capitol Building
Boise, Idaho

- MEMBERS:** Co-chairs Senator Chuck Winder and Representative Wendy Horman; Senators Dean Mortimer, Cliff Bayer, Lori Den Hartog, and Janie Ward-Engelking; Representatives Scott Bedke, Julie VanOrden, Sage Dixon, and John McCrostie; and nonlegislative members Dr. Linda Clark, State Board of Education, and Sherri Ybarra, Superintendent of Public Instruction.
- ABSENT/EXCUSED:** None
- ATTENDEES:** Representative Ryan Kerby, District 9; Representative Scott Syme, District 11; Representative Lance Clow, District 24; Tracie Bent, Office of the State Board of Education; Tim Hill and Julie Oberle, State Department of Education; Gideon Tolman, Division of Financial Management; Mike Griffith and Emily Parker, Education Commission of the States; David Sotutu, New Plymouth School District; Rob Winslow, Idaho Association of School Administrators; Paul Stark and Matt Compton, Idaho Education Association; Jonathan Gillen, West Ada School District; Bryan Fletcher, Blaine County School District; Quinn Perry and Karen Echeverria, Idaho School Boards Association; Clark Corbin, Idaho Education News; Blake Youde and Emily McClure, Idaho Charter School Network; Jacob Smith, Idaho Digital Learning Academy; Luke Schroeder, Kimberly School District; Wendy Johnson, Kuna School District; John Foster, Kestrel West; Byron Stutzman, Fremont County Joint School District; GwenCarol Holmes, Blaine County School District; Shalene French, April Burton, and Judie Mills, Caldwell School District; Suzanne Budge, SBS Associates; and Murphy Olmstead. Legislative Services Office (LSO) staff: Paul Headlee, Robyn Lockett, and Olivia Johnson.
- Note:** Copies of presentations, handouts, and reference materials can be found at www.legislature.idaho.gov and are also on file in the Legislative Services Office. The reference documents for this meeting's presentations can be viewed at: <https://legislature.idaho.gov/sessioninfo/2018/interim/psff/psff-materials/>.
- CONVENED:** Co-chair Winder called the meeting to order at 11:32 A.M.
- WELCOME AND INTRODUCTIONS:** Co-chair Winder welcomed the attendees and acknowledged the legislative members in attendance. He reminded the audience that the germane committees will make final decisions and there will be continuing opportunities to participate in the process. **Co-chair Horman recommended adoption of the minutes from the October 25 meeting. Senator Mortimer seconded the motion, and they were adopted unanimously.**

PRESENTATION:

UPDATE ON THE IDAHO SCHOOL FUNDING STUDY

PRESENTER:

Mike Griffith, Education Commission of the States

Mr. Griffith updated the committee of the changes made to the formula following the last meeting:

- The wealth adjustment was changed to be taxable property wealth per student;
- The weight for districts with secondary enrollment below 100 was increased and now mirrors the current system; and
- The minimum weight for special education was increased to 65% to meet federal guidelines.

Mr. Griffith addressed questions he had received about the hold harmless provision. He stated that for the first three years, districts will not receive less funding than they did in the last year the old formula was used. He also clarified the annual growth cap of 7.5%. ECS recommends capping gains at 7.5% for the first 3-4 years of the transition and removing the cap in year 4 or year 5. He stated districts with extraordinary growth can ask for a waiver for the cap.

**COMMITTEE
DISCUSSION:**

Co-chair Winder questioned how growth applies to enrollment and how to avoid penalizing districts. Mr. Griffith stated the formula can be changed to address those concerns. Senator Mortimer stated that he thought it should be changed to a per-pupil basis to make the formula more accurate. Mr. Griffith noted the formula is not using projections for FY 2018-19; prior numbers are being used and new numbers will be programmed in when they are available. Mr. Hill stated preliminary numbers had been reported and final numbers will be available before the 2019 Legislative Session.

PRESENTATION:

PRESENTATION OF THE 4TH DRAFT OF THE FUNDING MODEL

PRESENTER:

Mike Griffith, ECS

Mr. Griffith showed the committee examples of how to use the spreadsheets and adjustments. He stated the special education weight was moved to 65%, but the other weights had remained the same. He noted some assumptions had been made in the model; districts with fewer than 100 secondary students are assumed to have 100 students and districts with fewer than 40 elementary students are assumed to have 40 students. He stated those adjustments mirror current allowances made for smaller districts.

Mr. Griffith used the comparison spreadsheet page to show the cost to the state while holding districts harmless. He noted there was a pattern of some districts and charter schools having a high percentage of alternative students in their schools. He illustrated the funding changes that would occur in subsequent years when growth was factored in.

He offered two solutions to this problem:

- Fund alternative students at a higher percentage with a phase out time line; or
- Extend the hold harmless provision for those districts.

**COMMITTEE
DISCUSSION:**

He noted this formula mirrors the attention paid to high-needs student populations and small schools and districts. He also noted some charter schools and districts reported no Title I students; in those cases ECS used the state average of 47.3%, as noted in the demographic tab of the spreadsheet.

Speaker Bedke asked about state averages and how the current formula treats alternative students. Mr. Griffith noted that some districts might be underreporting Title I students, free and reduced lunch recipients, and other populations as the numbers were under the statewide average. As a result, he doesn't feel confident in those counts and suggested an alternative way to count at-risk students such as census numbers. He said that for every 12 alternative students, districts receive one teaching position, while traditional schools that are larger than 869 students get one teacher per 18.5 students.

Senator Den Hartog asked for clarification regarding the statewide averages placed in the spreadsheet in lieu of reported Title I numbers and whether there is a reporting component in the new formula. Mr. Griffith confirmed that schools would have to report and that numbers could increase more than statewide averages.

Mr. Hill noted that administrative rule requires alternative schools to be at a different time or location than a traditional school and have a minimum of 12 students in daily attendance. He stated that if these requirements were removed, more alternative students might be counted.

Co-chair Winder noted the committee wants to reduce the number of losers that previous funding drafts created and that additional funds are needed for the three-year transition period to accomplish that. He noted this decision will fall on the Legislature. Mr. Griffith noted the new formula allows districts and schools more spending freedom as all funds will be discretionary funds. Co-chair Winder asked how the new formula addresses the career ladder. Mr. Griffith responded that the formula doesn't address the career ladder and that Idaho can choose to set a minimum teacher salary, but the new formula would not dictate how and when teacher pay would change. He noted some states set minimums or absolute minimums. Co-chair Horman noted that the career ladder policy was still in place within the initial draft legislation.

Speaker Bedke asked if the career ladder would stay tiered. Mr. Griffith responded that if the minimum salary schedule is used and updated each year, it would stay close to what it currently is. He noted that nationally salaries are about 60%-65% of school funding, but in Idaho that number is closer to 55%. ECS would expect Idaho to spend \$75 million - \$150 million more on teacher salaries and benefits than it currently does. He noted that other staff salaries and education costs were higher than ECS would have expected and that districts and charters typically put money into teaching positions, even during slow economic times. Mr. Griffith predicted that over time he would anticipate Idaho moving closer to the national average.

Senator Ward-Engelking stated her concern with leaving technology out of the formula and asked if it might eventually be rolled into the formula. She asked to clarify whether the career ladder would need to be adjusted to stay competitive with other states. Mr. Griffith responded that 90% of the funding is included in the formula and 10% is excluded, which is consistent with national patterns. ECS recommends increasing the minimum salary for teachers on a yearly basis to stay competitive.

Mr. Hill asked if the formula reflects the appropriated dollars for 2017-2018. Mr. Headlee explained that the percentages are based on actual expenditures from census data. Mr. Hill clarified that actual expenditures are \$200 million higher, and districts and charters are paying teachers more than appropriated. Mr. Griffith stated that ECS took state and local spending into account and Idaho is still paying less than the national average.

PRESENTER:

EMILY PARKER, ECS

PRESENTATION:

ECS COMMUNICATION DISSEMINATION PLAN

Ms. Parker stated that ECS had a draft version of the video and the explainer that will address the weights and structure of the formula. Final edits are being done and will be posted to the website within the next few weeks. Co-chair Winder noted that while it needed a few small changes, the draft video was informative.

FINAL DECISIONS:

Co-chair Winder reminded committee members to review all of the previous discussion points while introducing motions.

Speaker Bedke motioned that the interim committee accept the November 21, 2018, version of the funding formula model and positively recommend it to the 1st Regular Session of the 65th Idaho Legislature. The motion was seconded and Co-chair Winder asked for discussion. Speaker Bedke stated the formula was a powerful, adaptive tool for the germane committees. He noted the fact-finding done in the previous 18 months supported the shift to funding by students and not the support unit. He encouraged the stakeholders to stay engaged.

Senator Ward-Engelking recommended adding the nonlegislative committee members to the final report. Co-chair Winder concurred.

Senator Mortimer and Speaker Bedke clarified that the per-pupil growth would be included before the maximum annual funding increase.

Senator Den Hartog voiced support of the motion. She acknowledged that by releasing each draft of the formula, the committee learned from stakeholders and those affected by the change in the funding formula, and she hopes that dialogue will continue when the germane committees begin work on the legislation.

Dr. Clark spoke in favor of the motion and the work that has been done. She said she is heartened that the last task force recommendation is

being considered.

Co-chair Horman spoke in favor of the motion and stated the goal was to make the formula understandable and more transparent for school boards and taxpayers.

Co-chair Winder said he is in favor of the motion and encouraged the committee and stakeholders to stay involved in the process.

The motion passed unanimously.

Speaker Bedke motioned to approve the final report, with the changes mentioned. Senator Den Hartog seconded the motion. Co-chair Winder asked for discussion on the report. Senator Mortimer noted that the final report will include all attachments and letters. Co-chair Winder noted Paragraph C was blank and that links to minutes and reference information should be included. **The motion was approved unanimously.**

Co-Chair Winder addressed the draft legislation and asked that it be available by December 17, 2018. **Co-chair Horman made a motion for the subcommittee to continue working and to have the draft legislation available for the germane committee. Speaker Bedke seconded the motion.** She noted additional statutes will need to be addressed. Senator Mortimer asked when the whole committee will see the draft and if they will see it before it goes public. Co-Chair Winder stated the committee will see it and continue to make revisions. **The motion passed unanimously.**

ADJOURNMENT:

Co-chair Horman presented thank you gifts to Mr. Griffith and Ms. Parker. Co-chair Winder thanked Co-chair Horman, committee members, and those who participated. He noted that building from the bottom up and taking stakeholders into consideration produced a draft formula and report that hopefully reflects input from stakeholders. Co-chair Winder thanked everyone involved for their work with the committee.

The committee adjourned at 1:50 P.M.