

MINUTES
JOINT MEETING
SENATE EDUCATION COMMITTEE
HOUSE EDUCATION COMMITTEE

- DATE:** Monday, January 29, 2018
- TIME:** 3:00 P.M.
- PLACE:** Lincoln Auditorium
- MEMBERS PRESENT:** Chairman Mortimer, Vice Chairman Thayne, Senators Winder, Nonini, Den Hartog, Guthrie, Crabtree, Buckner-Webb, and Ward-Engelking
Chairman VanOrden, Vice Chairman McDonald, Representatives Shepherd, Boyle, Clow, Mendive, Kerby, Cheatham, Amador, DeMordaunt, Moon, Syme, Ehardt, Tway(Kloc), McCrostie, and Toone
- ABSENT/ EXCUSED:** Senator Cherie Buckner-Webb
- NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
- CONVENED:** **Chairman VanOrden** called the Joint Senate and House Education Committees to order at 3:00 p.m. She thanked everyone for their attendance.
Chairman VanOrden stated that Representative Horman would give an update on the Interim Committees (Committees) and their findings concerning the education funding formula.
- PRESENTATION:** **Representative Horman**, Co-Chairman, Interim Funding Committee (IFC) said the IFC was organized as a result of two resolutions from 2016 and 2017. The Committee, co-chaired by Representative Horman and Senator Winder, was tasked with solving the current school funding formula designed in 1994. She said during that time period education delivery has changed. In reviewing the issues, IFC examined mastery-based education, student mobility, health insurance, and student count.
Representative Horman explained the IFC's initial meeting which included a presentation from the Education Commission of the States who reported on national funding trends. She stated Idaho is one of seven states with a resource allocation model. **Representative Horman** explained the initial meetings and gave an overview of the past meetings and reported on the topics that were discussed. The Committee met in the 2016 Session and approved a report summarizing their findings, which showed in what areas action could be taken.
Representative Horman stated one of the major changes needed was school finance must be reported on a per pupil basis by school building. The project has been apportioned to subcommittees of the IFC with the goal to have a new funding formula for the fall of 2018. She said tools created for this process are available on the IFC's website.

Representative Horman said Dr. Marguerite Roza, a national school funding formula expert, worked with the Committee to help analyze the current formula, outline the integrity of the simulator, and update on state's student-based formulas. It was agreed that Idaho should move ahead to an enrollment count which facilitates mastery type programs as well as a student-based formula. It was also suggested the removal of many budgeted line items; discretionary spending by the districts is encouraged.

Representative Horman said the Committee unanimously agreed Idaho should complete the implementation of the five-year career ladder program which will be purposed in the 2018 Legislature. She outlined the areas the IC will continue to address.

Senator Nonini asked if the IC received feedback from school superintendents. **Representative Horman** replied the comments varied. She said there is great support from the school district for having additional flexibility than what is allowed by the current formula. During the transition phase, the IC is committed to ensure that every school district will not lose any funding.

Representative Horman introduced Michael Griffith and Emily Barker from the Education Commission of the States. She said they have previously presented information to the IFC and have good insight into other states' formulas.

PRESENTATION: **Emily Parker**, Policy Analyst, Education Commission of the States (ECS), stated ECS is a national nonprofit group founded in 1965. which works on educational policy issues across the entire education spectrum. They are a resource for states to help them implement policies and answer questions pertaining to the policies.

Ms. Parker explained the funding sources for Idaho schools, which come from three areas; federal, state, and local. She revealed the statistics showing the comparison of Idaho averages to national averages (Attachment 1).

Senator Guthrie asked if the numbers that had been given were adjusted for cost of living. He stated if the cost of living was not factored in there is the possibility the numbers would not be accurate. **Ms. Parker** replied they are base level numbers but the various comparisons do adjust for cost of living differences.

Senator Thayn stated if the tax rate is not increased it would not have relevance to the funding formula; there will not be more money. **Ms. Parker** responded that Mr. Griffith would be providing that information.

Chairman Van Orden welcomed Mr. Griffith to the Committee.

PRESENTATION: **Michael Griffith**, School Finance Strategist, ECS listed the four major components of a high-quality funding formula; 1.) adequate funds; 2.) equitable distribution; 3.) flexibility; and 4.) and adaptability. He said Idaho currently uses a resource allocation system to fund their schools. This provides school districts with a predictable level of funding and allows the State to control most of the expenditure decisions.

Mr. Griffith said the primary school funding formula, which has evolved over the generations, varies from flat payments to one that factors many variables, such as district wealth and student needs. He said a majority of the states use a foundation formula program because it is easy to establish, easy to adjust to meet various needs, and provides districts with autonomy in decision making. He stated other states are adopting new funding formulas and the process must be gradual because it is a difficult process. He detailed how other states made an easy transition (Attachment 1).

Senator Den Hartog asked what are the major issues in the current formula that restricts flexibility. **Mr. Griffith** replied Idaho allocates for school districts specific budgeted line items. He explained the school district must raise money at the local level to pay for the expenses incurred beyond what was appropriated. **Senator Den Hartog** asked if the formula change would cause confusion in spending. **Mr. Griffith** replied if the process is gradual, very little change is witnessed during the first couple of years. Districts will have more freedom to allocate the funds as they determine. He said mistakes will be made. The objective should be directed towards outcomes rather than investigating small discrepancies.

Representative Kirby asked in the transition process when should states decide the prescribed expectations. **Mr. Griffith** replied the expectations should be stated in the beginning. He said the school district should list the expectation, how they are to be measured, ramification of not meeting them, and how they are tied to the funding formula.

Representative DeMourant asked which states have made effective changes and how they moved toward the stated outcomes. **Mr. Griffith** replied Massachusetts coordinated the assessment and accountability system with the funding system and student outcomes significantly improved. He stated the Idaho State Department of Education may have to bring in someone who is trained in student learning to help with the transition.

Representative DeMourant asked which states were the most flexible in education. **Mr. Griffith** replied Michigan and Arizona are leaders in school choice. He explained Arizona's funding formula and the problems they have encountered. Both states are experiencing an increase in charter schools. He stated an increase of schools will decrease capacity which results in other issues and occasionally, academic bankruptcy occurs. **Mr. Griffith** emphasized the formula should be designed to help schools help kids maximize their learning.

Representative Boyle asked what measures Massachusetts as taken to address the schools that haven't meet their expectations. **Mr. Griffith** replied the state gave the schools a matrix and time frame to address the issues and were a source of aid. If the schools were unable to improve, the state made administrative changes to the staff.

Representative Clow asked if Idaho's funding formula was the problem or if the problem was inadequate money in the budget. **Mr. Griffith** replied it usually is the funding levels. Idaho's formula is an older generation formula and not adaptable to today's educational needs.

Representative Clow said he did not understand how Idaho could make this major funding change without a significant increase in the education budget. He asked how can districts be responsible with the funds if they are "held harmless" during the transition. **Mr. Griffith** replied the funding formula change takes several years before a difference is realized. It is necessary to have a "hold harmless" time frame as the program is being implemented. He emphasized the need for perimeters during the process.

Senator Guthrie asked if a template that would fit Idaho's needs is available. He asked Mr. Griffith to name the first three things he would change in the current system. **Mr. Griffith** said Utah's foundation formula is similar to Idaho's funding formula. He explained how Arizona's expenditure budget allows students to acquire education through a nontraditional route. He detail the three things he would change; 1.) allow nontraditional education; 2.) allow virtual learning; and 3.) let the student enroll in the school of their choice. **Mr. Griffith** said a foundation formula allow for greater flexibility for the student, their families, and the school districts.

Representative Toone asked if the foundation formula had a impact on the rural states that are similar to Idaho. **Mr. Griffith** said North Dakota has many more small rural school district than Idaho and are successfully using the foundation formula. He explained the foundation formula provides greater funding for the smaller school districts. He emphasized to accommodate the district size, provisions can be built into the foundation formula.

Vice Chairman Thayn stated Idaho allows parents and students to control some of the funds through various educational programs and detailed the variety of Advanced Opportunity programs. He stated he did not believe changing the current funding formula would help Idaho.

Representative Kirby asked if there is no equalization and expectations of outputs for students, would they have a fair chance of receiving an equitable education. **Mr. Griffith** responded under the foundation formula, there are ways to create equalization; Idaho's current formula has factored an equalization component. He said the goal is to have every student progressing.

Chairman Mortimer thanked Mr. Griffith and Ms. Parker for their presentation. He stated over the next twelve months the Interim Funding Committee will be working to find a funding solution.

ADJOURNED: There being no further business, **Chairman Mortimer** adjourned the meeting at 4:53 p.m.

Senator Mortimer, Chair

LeAnn Mohr, Secretary

Sharon Pennington, Asst.
Secretary