

Idaho's Funding Formula

Senate Bill 1560 Nearly a Decade Later

Idaho's current funding formula has been in place for nearly a decade. There have been only a few changes in the original legislation, SB1560. In 1999 The Matrix Group, Inc. prepared a study of the implementation of the statute; the study also offered four recommendations for improvement. For the past couple years, there have been efforts to change parts of the funding formula.

Robin Stanley, Superintendent of the Mullan School District, wrote: "Before we change it (the current funding formula) we need to know why we got it in the first place. We need to make sure that any changes don't make things worse rather than better."

This white paper was commissioned by the Board of Directors of the Idaho School Superintendents' Association to provide a historical perspective on SB1560, providing information on why certain components of the legislation exist and how the "pieces came together."

Several important events occurred prior to and during the 1994 Legislative Session:

- In 1990, two lawsuits were filed in district court by 49 school districts against the State of Idaho over the issue of school funding.
- In 1993, the Idaho Supreme Court held that the issue of "thoroughness" had not yet been resolved and remanded the case back to district court for trial, at a time after the 1994 Legislative Session, providing the opportunity for the issue to be resolved in a non-judicial forum.
- In March 1993, a "Select Committee on Thoroughness" was created by the Idaho Legislature to define "thoroughness" and to look for solutions to school funding problems. As a result of this group's work, I.C. 33-1612, defining "thoroughness," was enacted. The group was not successful in finding a solution to the school funding issues.
- In October 1993, a committee named by Governor Andrus and State Superintendent of Public Instruction Evans presented a definition of thoroughness and some possible solutions to the funding of Idaho's schools.
- In the weeks before the 1994 Legislative Session, a proposal was crafted, based on the best of the State of Washington's funding model and the best thinking of the committee to formulate a new funding formula for the State of Idaho.

What were the major issues?

- Disparity in teacher salaries among the school districts, such as top salaries ranging from \$25,000 to \$40,000.
- Disparity in class sizes across the state, ranging from 20 – 40 students per teacher.
- Adequacy of the pool of funds available to support the public schools.
- Equalization of operating resources available to the school districts for the basic needs of "thoroughness."
- Vast differences in the condition of school facilities, as documented in the 1992 school facility needs assessment.

As the 1994 Legislative Session approached, the plaintiffs agreed to the following:

- All districts would receive at least an eight (8) percent increase in foundation funding for the 1994-95 school year.
- It was proposed that a state-wide salary and employee allocation system would be developed, reducing the inequities in the average number of pupils per employee and salaries paid in districts.
- Support units would be used as the basis of determining employee allocations; support units were in place and took into account the differences in district sizes.
- Multipliers would be used to determine the allocation of personnel (1.10 for instructional; .375 for classified; and .075 for administrators); additional allocations for instructional and administrative staff were provided for districts with less than 40 support units.
- A statewide salary allocation system would be used, providing column and step increases of 3.75%.
- An annual goal of 82% of the national average teacher salary for the 1992-93 school year was established, assisting in establishing the original instructional base salary in Idaho Code.
- Only transcribed credits on the educational column would be used because of the variations in professional development opportunities across the state.
- The administrative salary base would be set at 82% of the national average teacher salary.
- The classified salary base was set at \$15,000, representing the wide range of classified salaries across the state.
- A “use it or lose it” clause was included for instructional and administrative staff; within the administrative allocation, up to 20% could be used for non-certified personnel. The “use it or lose it” clause was included to reduce inequities in class size and pay caused by districts not using all of the salary allocations for salaries.
- PERSI and FICA allocations were made to the district in direct relation to the total salary allocation.
- After the salary allocation and deduction for all other statutory requirements, such as transportation and border contracts, and program enhancements, the remaining appropriation and local property taxes would be divided by the total number of state support units to determine the allocation per support unit. The remaining dollars are the discretionary funds of the district used to meet operational needs of the district.
- Local property taxes would be fully equalized; this would include only the local maintenance and operational levies of the districts.
- The unit divisor for grades 1-3 for districts over 300 elementary students could be moved from 23 to 20m phased in over three years.
- The special education funding was to be included in the instructional allowance and not as a separate allocation of personnel.

Everyone recognized the obvious: It would take a tremendous amount of new dollars to meet these agreements and goals!

So what happened when the 1994 Legislative Session convened? First of all, the need for compromise became apparent!

- The original bill introduced, SB1451, was held in the Senate Education Committee. Why was it held? While agreeing to the 82% of the national goal as a starting point, senators did not want to commit to

that goal on a long range basis. Secondly, legislators did not want a statewide salary schedule, causing annual negotiations with the state teachers' union.

- The dropping of the proposed statewide salary schedule resulted, primarily because the plaintiff group recognized that the index would have the same effect, using a percentage of the average national teacher salary of the previous year (85% was finally used, due to the amount of dollars available to fund the change in the formula).
- The parties also agreed to expand the legislation to include support for the legislative definition of thoroughness. Thus, the following were added: 1) \$300 allocation per support unit to provide a "safe environment"; 2) \$300 per support unit for the 1994 – 95 year only for "basic curriculum" to enable students to enter academic or vocational post-secondary education programs; 3) \$200 per support unit for the 1994 – 95 year only for teacher supplies to facilitate classroom instruction; 4) \$10,400,000 for the 1994 – 95 year only for the public school technology program; and 5) \$2,000,000 for the 1994 – 95 year only for the Idaho School Reform Committee. As is evident, all but the safe environment and the technology allocation disappeared after the 1994 – 95 year.

These compromise issues, and an appropriation that added over \$90 million dollars to the public schools, resulted in the passage of SB1560 and a new funding formula for Idaho's public schools.

What changes have occurred since SB1560 passed in 1994? Three changes were enacted in 1995:

- 1) Clarification that a district may contract separately for services to be rendered by non-district employees; these employees may also be counted in the staff allowance.
- 2) Provision for a district to request a waiver from the State Board of Education in the event that the staff allowance in any category is insufficient to meet accreditation standards.
- 3) Provision that no district's distribution shall be less in any year than 90% of the distribution of state educational dollars, less special program allocations received by that district in the immediately preceding year.

The Matrix Group made four recommendations in its 1999 report. Those recommendations follow.

- 1) Continue to emphasize the need to increase the base salary for teachers each year in order to have Idaho average teacher salaries remain at least 85% of the national average teacher salary for the previous year.
- 2) The causes of disparity in school funding should continue to be explored.
- 3) The instructional index of 1.1 should be slowly increased over time, resulting in lower class sizes. The Classified index of .375 should be increased to .400, reflecting the fact that the allocation has not provided enough funding since the enactment of SB1560. (See the Matrix Group study for full details.)
- 4) Consideration should be given to allow districts with fewer than 20 support units to apply through the State Department of Education to waive the "use it or lose it" clause in relation to administrative allocation.

Conclusion

It has been generally accepted that SB1560 has been good for Idaho education. Teacher salaries that increased. This has occurred because of the way the formula is designed, providing for full equalization of local property taxes, and the over 50% increase in market value has provided the necessary revenue to increase salary levels, While SB1560 has decreased proportional disparities in per pupil spending and teacher salaries, significant disparities in actual dollars continue to exist, Even though it did not result in a significant decrease in the number of students per teacher, the formula is designed to provide for decreasing class sizes by increasing the instructional staff allocation.

Since the passage of SB1560, new variables have come into play as well. Variables such as the erosion of Idaho's tax base and the declining enrollment in over half of the school districts, make random adjustments to the current funding system all the more important to study and proceed with caution.

The late Senator Jerry Twigs, Idaho State Senate Pro Tempore, wrote in 1994: "I would like to commend you and your fellow superintendents for your willingness to address some of the difficult and critical issues that face education in Idaho. The comment that some of you have had to swallow hard when coming to an agreement is a recognizable understatement. I believe you have set the tone for increased educational opportunities for all Idaho's children."

Idaho's school superintendents have provided the leadership in the past to answer the pressing issues of school funding. They understand the issued and the impacts of various "adjustments" in the funding formula that have been attempted by policy makers.

NOTE: This undated document was created under the letterhead of previous IASA Executive Director Mike Friend (1991 – 2006).