

“Draft”

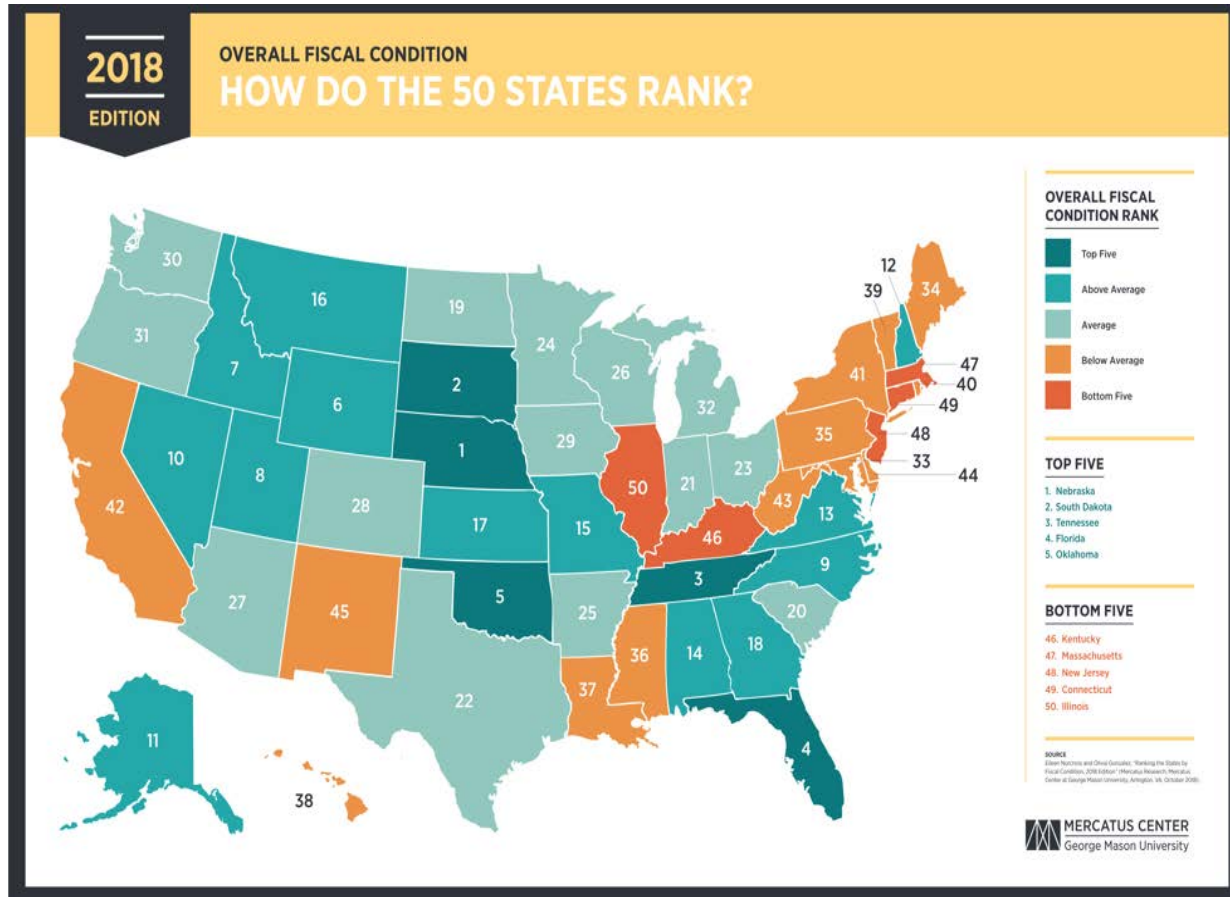
K-12 Historical Budget Narrative

The Time Horizon Matters

# Assumptions

- This analysis only considers the State's General Fund Appropriations to K-12 Education.
- The analysis does not consider the impact of Federal Funding, which was significant to plugging the shortfall in the wake of the Great Recession.
- Nor does this analysis consider the impact of local supplemental levies, which have become an important component of local School funding over the past 10 years.
- We need to further our work in this area to understand the total funding picture, and the impact to student achievement.

# Background on Overall State Financial Position



- Overall, our State is in a solid financial position.
- Our leaders, the Governor and the Legislature, did an excellent job of managing our State Finances over the past decade, during extraordinary times.
- Because of the depth of the great recession a decade ago, our leaders needed to make difficult decisions to maintain the State's fiscal position.
- Looking forward, the State is in a strong financial position. The economy is strong, and Idaho is well positioned for growth.
- We are likely at the tail end of this economic cycle. So we should ensure we are prepared for an economic recession sometime over the next five years.
- The next recession will likely be much less severe than the last.

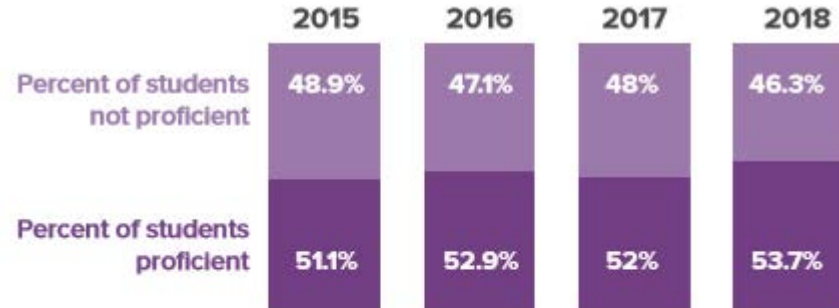
# The Recovery: The Last 5- Years

<u>Fiscal Year</u>	<u>General Fund</u>
2014	\$ 1,308,365,400
2015	\$ 1,374,598,400
2016	\$ 1,475,784,000
2017	\$ 1,584,669,400
2018	\$ 1,685,262,200
2019	\$ 1,785,265,900
2020	\$ 1,898,407,200

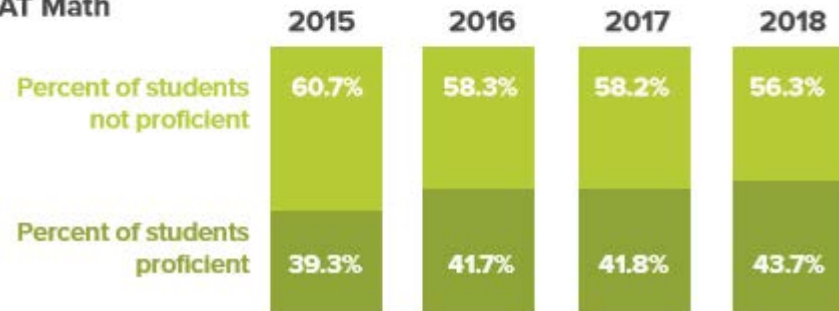
- Over the past 6-years, the State has made a significant investment in K-12 education. Total incremental investment in the general fund has increased \$590,000,000. CAGR 6.4%.
- Additional investment has also come in the form of local supplemental levies.
- The support and strategic direction for this investment was the direct result of the recommendations of the 2013 Education Task Force.

# Student Achievement: The Last 5- Years

## ISAT English Language Arts



## ISAT Math

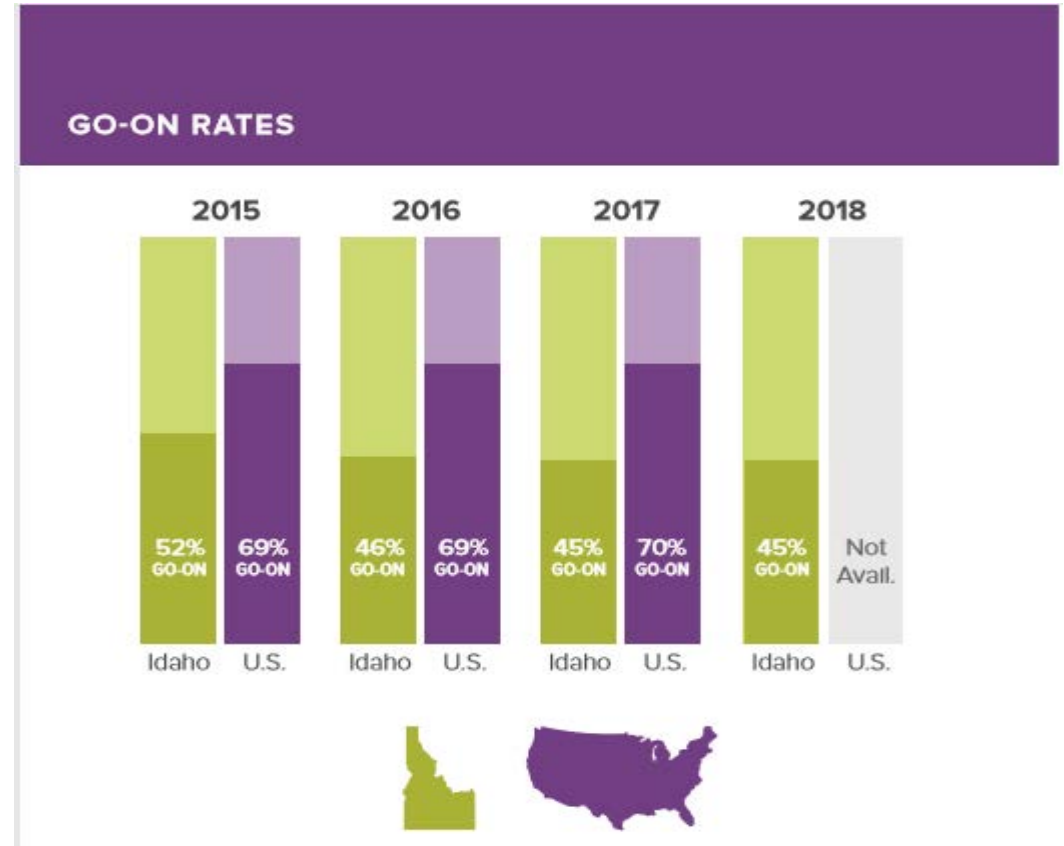


- While the State has made incremental gains as measured by ISAT proficiency, the pace of change has been disappointing in the context of the magnitude of the incremental financial investment.
- While the early read of the 2019 IRI is somewhat encouraging, it is difficult to draw conclusions on whether the magnitude of investment in yielding adequate results in our Literacy objective.

# Student Achievement: The Last 5- Years



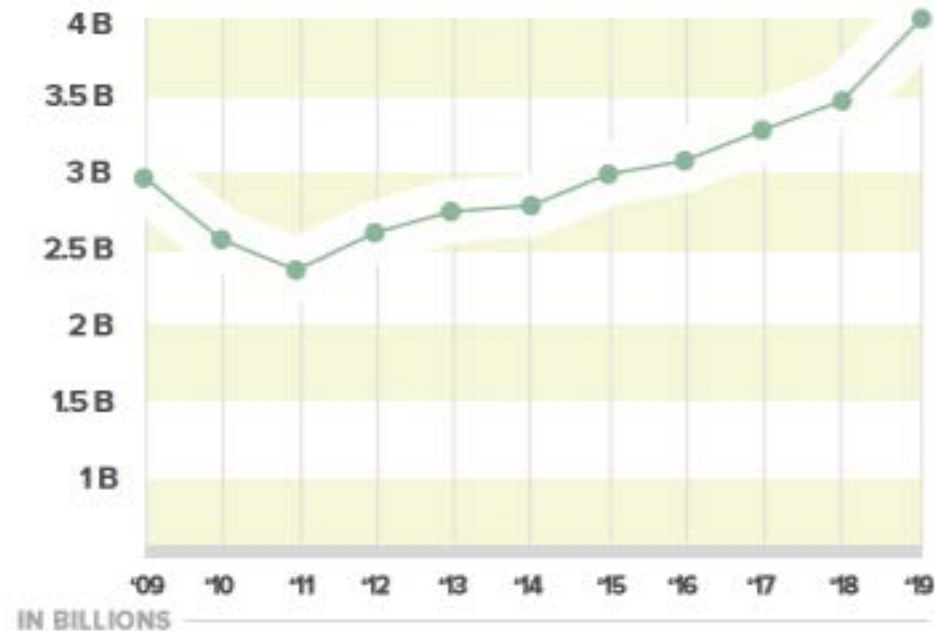
In the above comparison, at least 90 percent of the juniors in these states took the SAT. The key metrics here are the college-readiness benchmarks: 480 on the reading and writing section and 530 on the math section. Students who hit these benchmarks are more likely to earn at least a C in introductory-level college classes.



- Despite the significant incremental investment, our key measure for college and career readiness (SAT scores) has not improved, and we remain well below National Benchmark data.
- Additionally, we have not made any progress toward improving our State “Go On” Goal, and Idaho remains well below the National benchmarks, and our performance remains well below what is required for the future workforce.

# 10 Year View: The Impact of the Great Recession

General Fund Budget over time



- The Great Recession was the most severe economic downturn since the Great Depression.
- It took us 6 years (2015), for the General Fund to recover to 2009 levels.
- Since the k-12 appropriation is 50% of the overall State Budget, our education system needed to make significant sacrifices to maintain educational quality during this sustained recovery.
- The Education system reduced spending during the recession, however, without significant incremental Federal stimulus in 2010 and 2011, the system would have been forced to make extremely painful cuts.

# 10 Year View: Tells a Different Investment Story

Public Schools budget inflation v. appropriation--FY 09 to FY 20

Inflation Increases						Appropriation					General Fund			
Fiscal Year	Total General Fund	CPI	Total General Fund with Inflation	Total All Funds	CPI	Total All Funds with Inflation	Fiscal Year	Total General Fund	% change	Total All Funds	% change	# of students	\$ per student	\$ per student, less inflation
2009	\$ 1,418,542,700	0.1%	\$ 1,419,961,243	\$ 1,898,305,400	0.1%	\$ 1,900,203,705	2009	\$ 1,418,542,700	3.7%	\$ 1,898,305,400	2.6%	275,075	\$ 5,157	\$ 5,152
2010	\$ 1,419,961,243	2.7%	\$ 1,458,300,196	\$ 1,900,203,705	2.7%	\$ 1,951,509,205	2010	\$ 1,224,117,600	-13.7%	\$ 1,905,416,500	0.4%	278,522	\$ 4,395	\$ 4,276
2011	\$ 1,458,300,196	1.5%	\$ 1,480,174,699	\$ 1,951,509,205	1.5%	\$ 1,980,781,844	2011*	\$ 1,214,280,400	-0.8%	\$ 1,840,528,500	-3.4%	281,593	\$ 4,312	\$ 4,247
2012	\$ 1,480,174,699	3.0%	\$ 1,524,579,940	\$ 1,980,781,844	3.0%	\$ 2,040,205,299	2012	\$ 1,223,580,400	0.8%	\$ 1,819,269,300	-1.2%	281,772	\$ 4,342	\$ 4,212
2013	\$ 1,524,579,940	1.7%	\$ 1,550,497,799	\$ 2,040,205,299	1.7%	\$ 2,074,888,789	2013	\$ 1,279,818,600	4.6%	\$ 1,832,313,100	0.7%	287,247	\$ 4,455	\$ 4,380
2014	\$ 1,550,497,799	1.5%	\$ 1,573,755,266	\$ 2,074,888,789	1.5%	\$ 2,106,012,121	2014	\$ 1,308,365,400	2.2%	\$ 1,863,656,500	1.7%	289,063	\$ 4,526	\$ 4,458
2015	\$ 1,573,755,266	0.8%	\$ 1,586,345,308	\$ 2,106,012,121	0.8%	\$ 2,122,860,218	2015	\$ 1,374,598,400	5.1%	\$ 1,942,134,300	4.2%	291,022	\$ 4,723	\$ 4,686
2016	\$ 1,586,345,308	0.7%	\$ 1,597,449,725	\$ 2,122,860,218	0.7%	\$ 2,137,720,239	2016	\$ 1,475,784,000	7.4%	\$ 2,130,311,900	9.7%	294,471	\$ 5,012	\$ 4,977
2017	\$ 1,597,449,725	2.1%	\$ 1,630,996,170	\$ 2,137,720,239	2.1%	\$ 2,182,612,364	2017	\$ 1,584,669,400	7.4%	\$ 2,248,504,100	5.5%	298,787	\$ 5,304	\$ 5,192
2018	\$ 1,630,996,170	2.1%	\$ 1,665,247,089	\$ 2,182,612,364	2.1%	\$ 2,228,447,224	2018	\$ 1,685,262,200	6.3%	\$ 2,376,238,400	5.7%	302,469	\$ 5,572	\$ 5,455
2019	\$ 1,665,247,089	1.9%	\$ 1,696,886,784	\$ 2,228,447,224	1.9%	\$ 2,270,787,721	2019	\$ 1,785,265,900	5.9%	\$ 2,460,615,100	3.6%	307,416	\$ 5,807	\$ 5,697
							2020	\$ 1,898,407,200	6.3%	\$ 2,600,808,000	5.7%			

- Because of the economic recession, our State did not have the ability to increase funding to our education system between 2009 and 2015. In fact, through most of this time period, the level of investment decreased by \$200,000,000.
- Inflation magnified this issue, and diluted the level of investment in public education.
- On an inflation adjusted basis, Idaho did not return to the level of 2009 education investment until 2018.
- During the last 10 years, the number of students in the system increased by nearly 12%, and the demographics of our student population continues to change, which adds incremental pressure to the system.



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- Over the past 10 years, our general fund expenditures have increased from \$5,100 per student in 2010 to \$5,800 per student in 2019. CAGR 1.2%, less than the rate of inflation.
- While there is no question that the level of investment has ramped up significantly in the last 5 years, one could argue that a significant portion of this investment was “inflation catch up” from our lack of investment in the first half of the decade
- When you look at the 10 year time horizon, and recognize the investment shortfall post recession, it is not surprising that we have not seen significant gains in student achievement

# School District Funding

District Summary (2017-2018)										
	<b>Boise</b>	<b>West Ada</b>	<b>Blaine</b>	<b>Melba</b>	<b>Challis</b>	<b>Lewiston</b>	<b>Kuna</b>	<b>Fruitland</b>	<b>Salmon</b>	<b><u>Sage (Charter)</u></b>
# of students	25,523	38,945	3,473	847	343	4681	5404	1805	113	1007
Operating Revenues	\$ 250,360,532	\$ 266,125,877	\$ 56,237,504	\$ 6,248,047	\$ 4,224,097	\$ 46,198,034	\$ 38,110,397	\$ 12,344,727	\$ 2,530,970	\$ 7,012,870
Revenue/Student	\$ 9,809	\$ 6,833	\$ 16,193	\$ 7,377	\$ 12,315	\$ 9,869	\$ 7,052	\$ 6,839	22,398	6,964
Local Taxes (% of Total)	35%	21%	60%	3%	17%	37%	10%	5%	25%	11%
State Sources (% of Total)	57%	52%	35%	86%	66%	56%	78%	85%	59%	86%
Local Sources per student	\$ 3,399	\$ 843	\$ 9,767	\$ 213	\$ 2,140	\$ 3,664	\$ 712	\$ 376	\$ 5,511	\$ 745
State Sources per student	\$ 5,600	\$ 5,552	\$ 5,699	\$ 6,321	\$ 8,129	\$ 5,530	\$ 5,477	\$ 5,808	\$ 13,144	\$ 6,023

# Observations

- Idaho is a geographically large and rural State. Land mass is larger than New England with 1/10 the population. As a result, a higher % of funding goes toward facilities and transportation when compared to more densely populated States.
- The State is very diverse: Urban, Rural, Remote Districts. Large, fast growing districts vs. small remote districts. Demographic trends (% ELL), wealth disparity is significant. Therefore, a “one size fits all” approach will not work.
- Because of State Law, disparity in local wealth (property and income), and significant differences in the local political support for public education, the level of funding varies significantly across the portfolio of Districts.
- Idaho’s economy is highly diverse (High-Tech, Agriculture, Forest Products, Mining). Therefore, the needs of the workforce vary from County to County, and the definition of “career readiness” must align to the needs of the local economy.
- Local decision making, control, and accountability is critical to ensure the scarce financial support is applied to the vital few strategic priorities.