

# **IDAHO**

Rob Nicholson  
Idaho Education Association

## **I. GENERAL BACKGROUND**

### **State**

The current program, the Idaho Public School Foundation Program, has been in effect since 1978 with no significant change until the 1994–1995 fiscal year. During that year, the legislature added a “salary allocation” component to the structure in an effort to settle an equity legal action brought by several districts.

The Public School Foundation Program consists of a combination of state and local funds that are distributed according to an equalizing formula based upon attendance units designed to assure each school district with uniform funding per unit.

The state share of the funding of public schools increased dollar-wise in the last ten years, but decreased as a percent of total expenditures. The main competitor for funding has been Health and Welfare funding and the Corrections program both adult and juvenile.

In addition, the 1995 legislature reduced local property tax levying authority of the local district and replaced those funds with state funding.

State funds for the public schools come from the state’s general fund, primarily state income tax and state sales tax revenues, as well as other dedicated funds, the most prominent of which is the Public School Endowment Fund, which receives its revenue from rents, leases of state lands and other similar sources.

### **Local**

There are 113 school districts, each financially independent.

The local share of the program is determined by a legislated tax rate and the adjusted market value of the school district. The adjustment in market values is a homeowner’s exemption of 50% of the market value of a taxpayer’s principal place of residence.

## **Funding Summary 1998–99**

Total State School Aid (All Programs)		\$ 850.5 million
Grants in aid	745.2 million	
Teacher Retirement Contributions	62.1 million	
FICA	43.2 million	
Total Local School Revenue		\$ 167.4 million
Property Tax	167.4 million	
Other local source tax revenue	0 million	
Local source non-tax revenue	0 million	
Total Combined State and Local School Revenue		\$ 1,017.9 million
State Financed Property Tax Credits		
Attributable to School Taxes		\$ 54.7 million

## **II. LOCAL SCHOOL REVENUE**

### **Property Tax**

Local financing of public schools comes exclusively from the property tax. Districts are allowed to assess the legislated 0.3% of Adjusted Market Value by School Board Action.

Local school districts are authorized to ask patrons to authorize “supplementary levies” by majority vote for any amount that exceeds the maximum described above. The amount raised by these levies is included in the local revenue total above.

There are three charter districts that, while being legally required to follow the same rules as all other districts have some additional rights depending upon the content of their charter. These were school districts that were in place prior to the adoption of the Idaho Constitution.

### **Income Tax**

None.

## **Sales Tax**

None.

## **Tax Credits and Exemptions**

None.

### **III. TAX AND SPENDING LIMITS**

Local school districts are not allowed to assess more than 0.3% of adjusted market value without a vote of the patrons.

### **IV. STATE/PROVINCIAL EARMARKED TAX REVENUE**

The state annually appropriates a portion of its general fund revenue to the Public School Income fund as its share of the program. A portion of those funds come from the Public School Endowment Fund.

In addition, a portion of the state lottery funds is distributed to local school districts for capital outlay expenditures. Fifty percent of the amount remaining after administrative costs of the lottery is distributed to the various school districts in the same ratio as each receives from the Public School Foundation Program. That is, if a school district receives 18% of the funds allotted in the Foundation program, it will also receive 18% of the lottery money.

### **V. BASIC SUPPORT PROGRAM**

**Funding in 98–99:** N/A.

**Percentage of State Aid:** N/A.

**Nature of Program:** Foundation. The program assures each district of an equal dollar amount made up of both state and local funds per support unit.

**Allocation Units:** Support units. There are six categories of “support units” defined in the formula. Each has a legislated divisor table from which the number of units is calculated. A district estimates its best 28 weeks of Average Daily Attendance (ADA) in each category, finds the proper divisor in the table, and

calculates to two decimals and rounds to one to estimate the number of “support units” is will have funded in the next year.

**Local Fiscal Capacity:** Equalized assessed property valuation.

**How Formula Operates:** The formula is rather basic in operation and is shown below.

### **The Basic Foundation Program Formula:**

In 1998–99, local and state dollars for the basic support program were \$1,014.7 million.

Total Foundation Program =

$$[(\text{Number of Units}) \times (\text{Unit Factor})] + (\text{Salary Allocation Amount}).$$

State Share = Total Foundation Program – Local Share.

Local Share = 0.003 x Adjusted Market Value.

Determination of Distribution Factor. This factor is derived by the State Department of Education by taking the total funds available from state sources, subtracting out all of the categorical funds, adding in the local (statewide total) equalization figure and then dividing by the number of statewide total support units. In 1998–99 the distribution factor was \$20,758.63.

Determination of Salary Allocation Amount. The salary allocation formula is divided into three categories (administration, teachers, classified), each with a similar formula for calculation of the amount to be distributed. The formula is:

$$(\text{units}) \times (\text{weighting factor}) \times (\text{education index}) \times (\text{salary multiplier}).$$

The formula for classified personnel does not contain the “education index” factor.

Education Index. Each district places its staff on a legislated “index” and from that calculates an average education index for that year.

Salary Multiplier. A legislated value (a constant for all districts) for each category used to determine overall funding of the program.

**Local Share:** .003 x adjusted market value.

**State Share:** Difference between foundation amount and local share.

**Weighting Procedures:** A legislated value (a constant for all districts) which determines the maximum number of staff funded by the formula.

**Adjustments for Special Factors:** There are two types of hold harmless (called *flooring*) - provisions in the formula. One protects a district in case of a severe enrollment decrease and the other ensures that a district will retain state funding at essentially the same level as the year before if market value increases by an unusually large amount.

The enrollment flooring factor provides that, for funding purposes, a district will not lose more than 1% of its support units from one year to the next. However, the actual number of units becomes the basis of funding for the following year. Thus the provision only protects a district for a single year.

**Distribution Schedule:** The State Department of Education (SDE) distributes the state moneys to the various districts on dates that are set by the legislature. Those dates are August 15, October 15, November 15, February 15, May 15, and July 15. The first three payments are not based upon actual enrollment but rather upon the previous year's distribution ratio. The SDE determines the percentage of the previous year's total distribution that each district received and it is that percentage of the new year's distribution that the district receives in the first two payments.

The final three payments are based upon actual enrollment with the SDE calculating the number of units each district has and adjusting the payment with each payment. In the final July 15) payment, the SDE is required to disburse all of the moneys that have accrued to the Public School Income Fund during that fiscal year. It is at this time that all final adjustments to the number of units or the unit factor will be made.

Each year some adjustments have to be made due to unanticipated enrollment increases or decreases. While most of the numbers are set by the legislation and don't change, the final best 28 weeks of enrollment is not determined until after

school closes in June. Thus, the final number of units to use in the determination of the final unit factor will not be known until shortly before the final payment calculations are made.

**Districts off schedule.** None.

## **VI. TRANSPORTATION**

**Funding in 1998–1999:** \$44.6 million.

**Percentage of Total State Aid:** 5.2%.

**Description:** Districts are reimbursed 85% of allowable costs of the previous year. Allowable costs are defined as those costs that are directly related to transportation of students to and from activities that are curriculum oriented. Districts that contract out their bus service are reimbursed at the same rate. Included in the amount is a bus depreciation allowance based upon the ages of the busses in each district.

**State Share:** The districts supply a listing of the allowable costs for the previous year and a listing of the cost and age of their busses. The state then determines the 85% to be reimbursed.

**Local Share:** The local district must fund all other transportation costs it incurs.

**Extent of Participation:** All districts.

## **VII. SPECIAL EDUCATION**

Funded as part of the regular program.

## **VIII. COMPENSATORY EDUCATION**

None reported.

## **IX. GIFTED AND TALENTED EDUCATION**

**Funding in 1998–1999:** \$0.5 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Included as part of regular program calculations with an additional \$500,000 allocation in 98–99, distributed on enrollment.

**Extent of Participation:** Not reported.

## **X. BILINGUAL EDUCATION**

**Funding in 1998–1999:** \$3.0 million.

**Percentage of Total State Aid:** less than 1%.

**Description:** Funded as part of regular program with additional \$3.0 million for 98–99 to satisfy requirements of legal action brought against the state.

**Extent of Participation:** Not reported.

## **XI. EARLY CHILDHOOD EDUCATION**

Funded as part of regular program.

## **XII. OTHER CATEGORICAL PROGRAMS**

### **Border Contracts**

**Funding in 1998–99:** \$1.0 million.

**Percentage of State Aid:** less than 1%.

**Description:** For any district that must place students in a school district in another state, a tuition contract is arranged with the out-of-state district and the state pays the entire cost of that contract.

**Extent of Participation:** Not reported.

### **Exceptional Child and Tuition Equivalency Contracts**

**Funding in 1998–99:** \$2.3 million.

**Percentage of State Aid:** less than 1%.

**Description:** Any district that contracts students out to other educational type facilities is entitled to apply to the state for reimbursement of those costs. If the contract is approved, the state assumes the entire cost of the contract.

**Extent of Participation:** Not reported.

### **Funding Floor/Adjustments**

**Funding in 1998–99:** \$8.0 million.

**Percentage of State Aid:** less than 1%.

**Description:** These funds are set aside to deal with the flooring provisions of the distribution formula and to make adjustments where estimates were shown to be incorrect early in the year.

**Extent of Participation:** Not reported.

### **Mentor Program**

**Funding in 1998–99:** \$0.375 million.

**Percentage of State Aid:** less than 1%.

**Description:** Funding to provide developmental assistance to first year teachers and administrators. Districts apply for the funds based upon the number of first year teachers and/or administrators in the district.

**Extent of Participation:** Not reported.

### **Innovative Teacher Grants**

**Funding in 1998–99:** \$0.25 million.

**Percentage of State Aid:** less than 1%.

**Description:** Individual teachers or groups of teachers were invited to submit applications describing various projects they would like to undertake and complete which would enhance their teaching. A committee appointed by the

SDE screened the applications and determined those to be funded. Applications totaling over \$5 million were received for the \$250,000 available.

**Extent of Participation:** Not reported.

### **XIII. TEACHER RETIREMENT PROGRAMS**

**Funding in 1998–99:** \$62.1 million.

**Percentage of State Aid:** 7.3%.

**Description:** Not reported.

**Extent of Participation:** Not reported.

### **XIV. TECHNOLOGY**

**Funding in 1998–99:** \$10.4 million.

**Percentage of State Aid:** 1.2%.

**Description:** A continuation of funding both on a competitive grant process as well as direct distribution to districts based on a district's percent of the general school income fund.

**Extent of Participation:** Not reported.

### **XV. CAPITAL OUTLAY AND DEBT SERVICE**

**State Aided Programs:** None provided by the state.

Each district may choose to expend a portion of its general maintenance and operations budget for these types of expenditures if they so desire. In addition a district may use the following two methods of funding:

#### **School Plant Facilities Fund**

School districts are authorized to create a School Plant Facilities fund by transferring General fund moneys into it or by asking for a multi-year tax levy for funding. The multi-year levy requires a two-thirds majority to pass and must

identify the types of expenditures for which the funds will be used. Under certain condition, depending on bonded indebtedness, the two-thirds majority may be lowered.

### **Bonds**

School districts are authorized to submit to its patrons bond issues to build and furnish buildings. A two-thirds majority is required to pass any bond issue.

### **XVI. STANDARDS/ACCOUNTABILITY MEASURES**

School districts are required to submit adopted budgets and annual reports showing actual income and expenditures to the State Department of Education. In addition, all districts are required by law to have an independent audit, which must also be submitted to the SDE.

### **XVII. REWARDS/SANCTIONS**

None reported.

### **XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS**

Charter schools were authorized by the legislature for implementation in the 98–99 school year. Funding for the schools comes from the parent district and is based upon enrollment.

### **XIX. AID TO PRIVATE SCHOOLS**

No state aid provided.

### **XX. RECENT/PENDING LITIGATION**

A suit based upon lack of funding for facilities by the state has been set for trial in the spring of 2000.

### **XXI. SPECIAL TOPICS**

None reported.