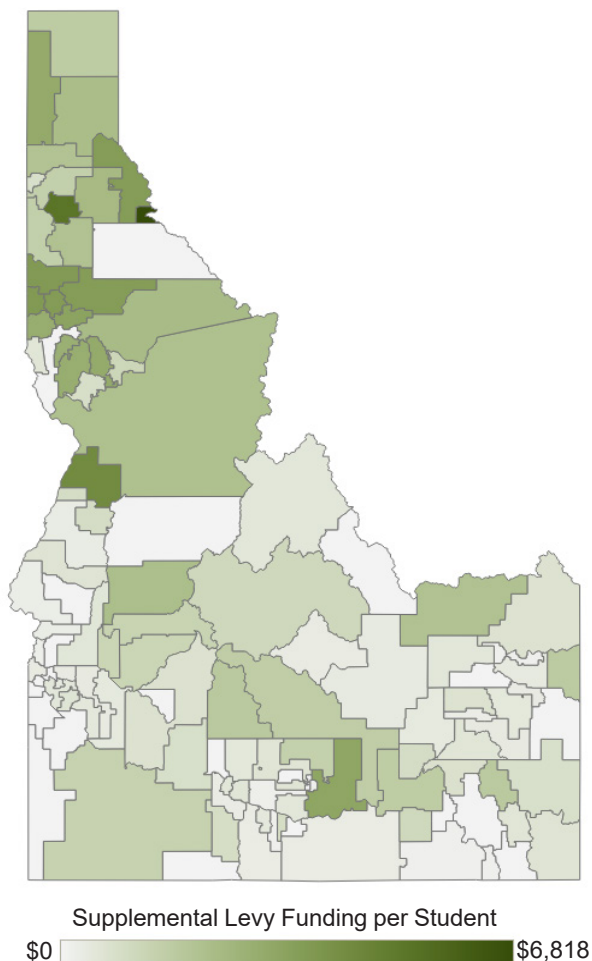




Ensuring every child can attend good public schools is one of the most important ways we build thriving communities across the state. Idaho has made some progress in restoring education funding after the Great Recession prompted deep budget cuts. Several key initiatives were also fully funded through the work of a multi-year task force. But a few trends could hamstring our state’s ability to make further gains in education.

In real terms, fiscal year 2020 (FY2020) marks only the second year that state investment exceeds pre-recession levels. The remaining task force priorities may still require \$64.8 million to be implemented. Supplemental levies, used occasionally by some communities until 2006, are now critical to public school funding and drive the ability of schools to have quality teachers and other basic components to education. Yet over-reliance on property values means educational opportunity is driven in part by location and wealth. The legacy of segregation and discrimination based on race and ethnicity could be amplified by these policy choices and prevent gains among students of color in particular.

**Figure 1: Local Revenue for Public Schools Continues to Vary Greatly Across Idaho**  
*Supplemental Levy Funding per Student by School District, FY2019*



**In this brief:**

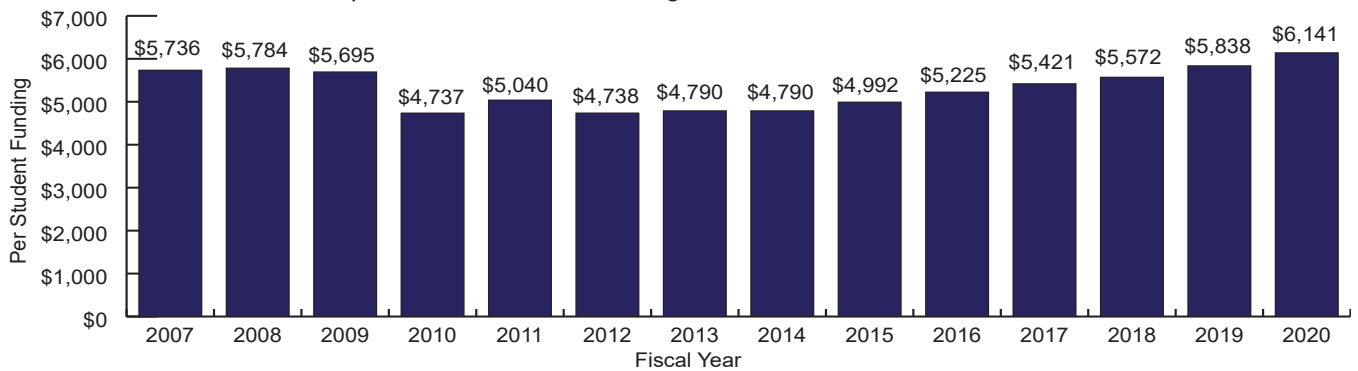
- Local public school revenue varies greatly, with 22 school districts not having any supplemental levies and others receiving up to \$6,818 per student, as seen in Figure 1.
- To raise the same amount of revenue per student, districts with 15 percent or more students of color would need to vote to raise their property taxes by more than twice the rate necessary for districts with fewer students of color.
- The FY2020 budget marks the second year that state investment exceeds pre-recession levels, after adjusting for inflation. General Fund investment is now \$6,141 per student.
- At least \$64.8 million additional dollars annually will be required to meet recommendations put forth by Governor Otter’s Task Force for Improving Education.
- If Idahoans invested the same share of personal income in public schools they did in FY1980, each student would have \$2,469 more funding than they do today.
- Idaho ranks last nationwide in total revenue dedicated to education per student, despite there being 20 states with a lower cost of living.

## Idaho Continues Steady Reinvestment in Public Schools

In FY2006, Idaho replaced about \$260 million in property tax revenue for schools with \$210 million in revenue from an increase in the sales tax. The lost property tax revenue has been valued at \$303 million in more recent years.<sup>1</sup> After the recession hit, Idaho faced difficult choices and further decreased public education investment, as seen in Figure 2. In 2013, Governor Otter’s Task Force for Improving Education released its recommendations on how to strengthen public education investment. Over the last four years the state legislature has funded many of these recommendations, including \$88.6 million new dollars appropriated this year, as seen in the appendix. The state needs to invest at least \$64.8 million additional dollars to complete recommendations put forth by the task force. Last fiscal year marked the first time Idaho finally met and surpassed school funding seen before the recession. General Fund investment is now \$6,141 per child including FY2020 appropriations.

Figure 2: **General Fund Investment Returns to Pre-Recession Levels**

Public School General Funds per Student, FY2007 through FY2020



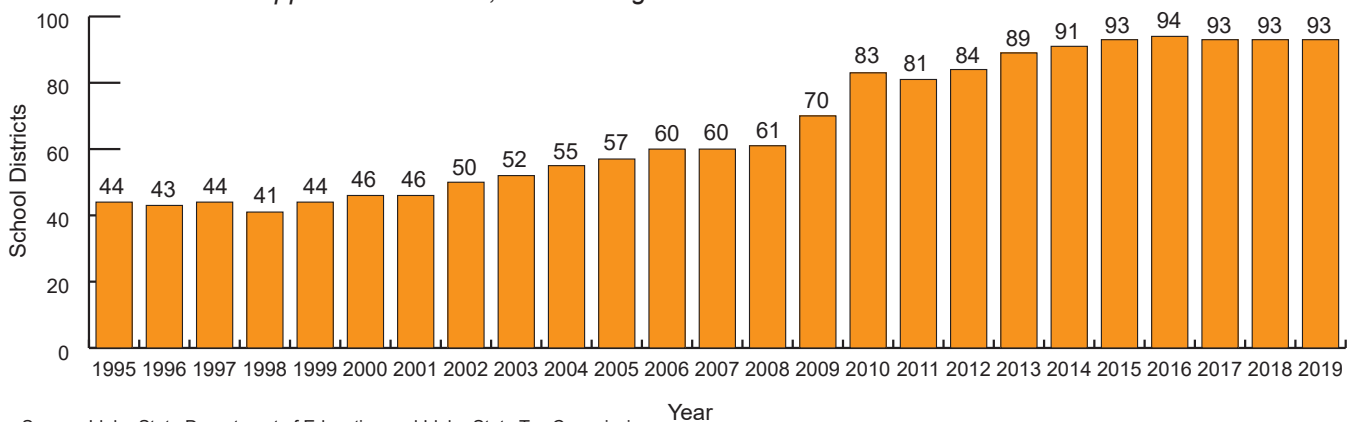
Source: Idaho Legislative Budget Books

## School Funding Continues to Depend on Wide-Ranging District Property Wealth

Idaho schools used to have authority to raise revenue through maintenance and operations (M&O) property tax levies without continually asking voters at the polls. The state funding formula accounted for these local resources by distributing more General Fund revenue to districts with less property wealth available to tax. The decision to replace M&O levies with lower valued sales tax revenue effectively dismantled the main tool designed to ensure a child’s school resources don’t depend on local property values. In the following years, more school districts sought supplemental levies, which must be approved by voters and generally only last two years before needing to be re-approved. While suitable for meeting supplemental classroom resources, they are unstable and were never intended to be relied upon for ongoing needs. Before the elimination of M&O levies in 2006, the majority of school districts did not have supplemental levies and in FY2019, 93 out of 115 school districts relied on them, as seen in Figure 3. The total amount of supplemental levies exceeded \$200 million for the first time this fiscal year.

Figure 3: **School Districts Continue Relying on Supplemental Levies When Possible**

School Districts with Supplemental Levies, 1995 through 2019



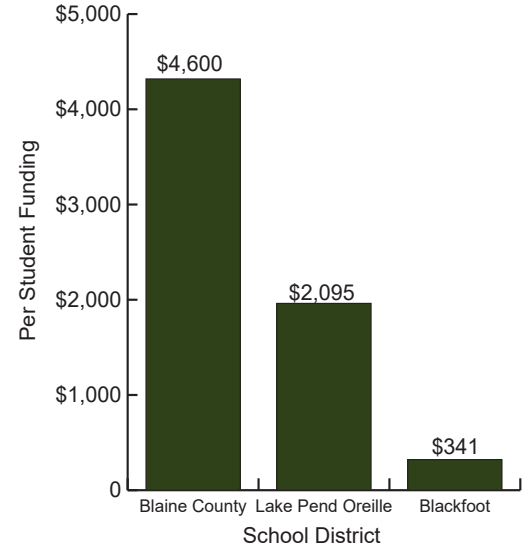
Source: Idaho State Department of Education and Idaho State Tax Commission

Wealthy school districts can raise more supplemental levy revenue at a lower tax rate than school districts with less property wealth, as seen in Figure 4. The same 0.16 percent supplemental levy rate would raise 6 times more school funding in Lake Pend Oreille School District than in Blackfoot School District, while in Blaine County School District it would raise 13 times more.

Not only does a school district with less property wealth have to request a higher tax rate for the same funding, they also often have to ask for this higher rate from residents who face lower wages. For example, the average household income in Blackfoot School District is 20 percent lower than in Blaine County School District.<sup>2</sup> Supplemental levies regularly hit residents of low-wage districts hard while families who have no trouble meeting their basic needs are in a better position to vote for increasing their property taxes.

A generation ago, students of color - children who identify as Black or African-American, Hispanic, Latino or Latina, American Indian or Alaska Native, Asian, multi-racial, or another race or ethnicity that is not white - were relatively few in number and were associated with select parts of the state. Today, students of color are a growing segment of the public school population across the state. Almost half of Idaho school districts now have 15 percent or more students of color, as seen in Figure 5.

**Figure 4: Less Wealthy Districts Must Tax Themselves at Higher Rate to Receive the Same Funding**  
Per Student Funding Generated with a Hypothetical 0.16% Supplemental Levy, FY2019



Source: ICFP analysis using market values provided by Idaho State Department of Education.

**Figure 5: Districts with More Students of Color Face Additional Barriers to Raising Revenue**  
Factors Influencing Local Supplemental Levy Funding by School District Enrollment Demographics, FY2019

School District Enrollment Demographics	More than 15% Students of Color	Less than 15% Students of Color
Number of School Districts	52	63
Average Supplemental Levy per Student	\$623	\$1,429
Average Property Value per Student	\$498,422	\$1,188,595
Tax Rate Necessary to Raise \$1,000 per Student	0.20%	0.08%

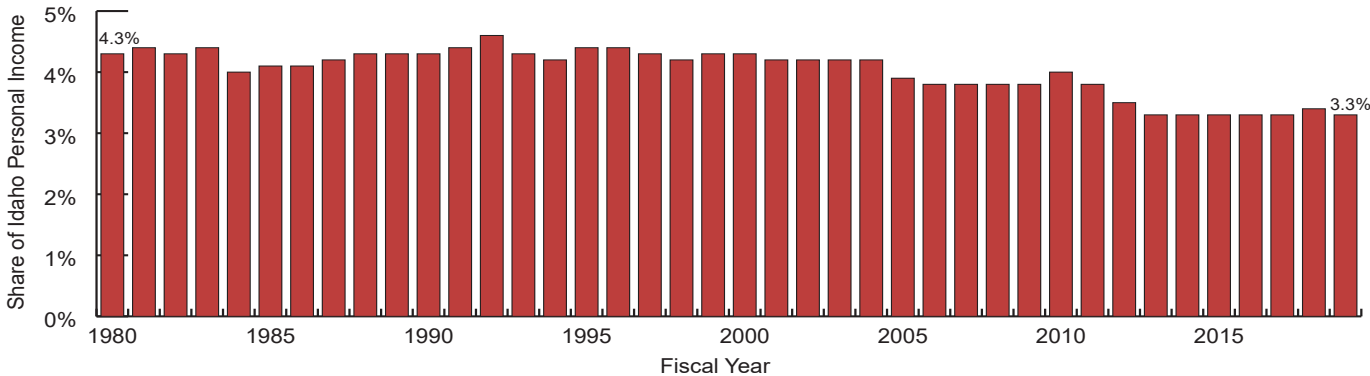
Source: Idaho State Department of Education

Students of color are more likely to live in communities with the most difficulty approving local education dollars. Districts with 15 percent or more students of color have less than half the property value compared with districts with fewer students of color. To raise \$1,000 locally per student, districts with more students of color would need to approve a tax rate more than double that necessary for districts with fewer students of color. As a result, districts with more diverse students have less local revenue than districts with fewer students of color. In addition to fewer classroom supplies, having less school funding leaves fewer resources to attract experienced teachers. Experienced teachers help ensure lower rates of absenteeism and higher test scores according to several studies.<sup>3</sup> This increased academic performance is tied with future income levels, and historical wealth imbalances will be made worse instead of better if students of color miss out on these resources.

# Idaho's Public School Investment Isn't Keeping up with Economic Growth

The continued reliance on supplemental levies by districts that are able to get them passed indicates that state funding is still not sufficient to meet the basic needs of Idaho schools. Indeed, Idaho school investment has not kept up with economic growth. Figure 6 illustrates our state's level of effort in funding schools by showing state and federal education investment as a share of Idaho residents' personal incomes. The share of aggregate personal income dedicated to public schools is three-quarters of what it was nearly 40 years ago.

Figure 6: **Share of Idaho Personal Income Dedicated to Education is Three-Quarters What it Was in 1980**  
*Share of Idaho's Aggregate Personal Income Dedicated to K-12 Public Education, FY1980 through FY2019*



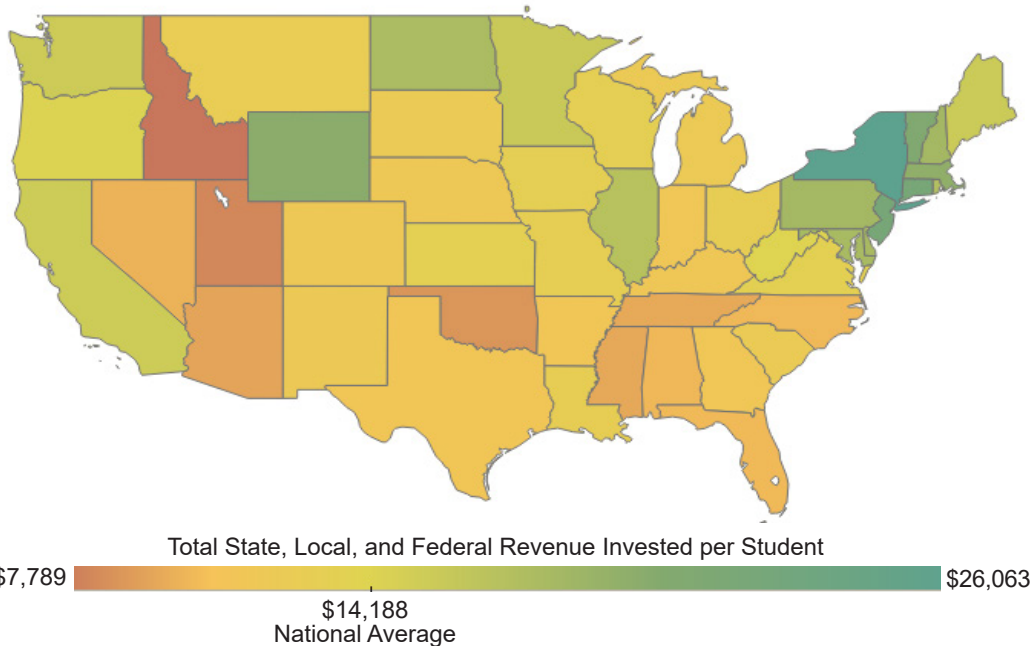
Source: Idaho Detailed Executive Budgets and U.S. Bureau of Economic Analysis

# Idaho Public School Investment Ranks Last in the Nation

Idaho's decreasing investment rate is made worse by the state's below average wages.<sup>4</sup> Idaho ranks last nationwide in total revenue dedicated to education per student as seen in Figure 7, despite there being 20 states with a lower cost of living.<sup>5,6</sup> Idaho public schools had \$7,789 in state, local, and federal revenue dedicated to each enrolled student while the highest ranking state invested more than three times that amount in FY2018. To get up to the national average of \$14,188, Idaho would need to invest 82 cents more for every dollar it currently puts towards public schools. Instead, we are dedicating the lowest share of our personal income that has been seen in at least 40 years. If Idaho invested in education at the same rate it did in FY1980, each student would have \$2,469 more school funding than they do today.

Figure 7: **Idaho Public School Investment Remains Behind All Other States**  
*Total Revenue Dedicated to Public Schools per Enrolled Student by State, FY2018*

Idaho's Neighboring States	Additional Public School Investment per Student
Wyoming	+ \$11,829 per student
Washington	+ \$7,605 per student
Oregon	+ \$6,516 per student
Montana	+ \$4,901 per student
Nevada	+ \$2,502 per student
Utah	+ \$713 per student



Source: National Education Association

## Despite Making Progress, Idaho Still Falls Short of Funding Schools Sufficiently and Equitably

Idaho has recently taken positive steps to prioritize education, but it is clear there is a long way to go toward ensuring children live up to their potential and are competitive in the workforce.

Fully funding recommendations put forth by Governor Otter's Task Force for Improving Education is a common sense next step to meet the state's goals. However, Idaho's progress depends on how much General Fund resources are available. Over the last two decades, state policy decisions have cut General Fund revenue by more than \$800 million. In 2019, House Bill 183 gave a 50 percent tax deduction to profits gained by multinational corporations and House Bill 259 funneled online sales tax revenue to a special tax cut fund instead of the General Fund - the effect of which will increase over time as residents make less of their purchases at brick and mortar stores. Idaho is due for another recession, and responsible fiscal policy requires saving and investing during times of economic growth so the state is prepared.

To address funding variability from supplemental levies, lawmakers could authorize school districts to raise revenue up to a defined tax rate and then target state funding towards schools with less property wealth. Utah and Montana do this to ensure each child receives the school resources they need regardless of whether they live in a wealthy district or not. In Wyoming, a certain share of assessed property wealth is required to go toward funding public schools. Idaho is already in the process of reviewing its funding formula and lawmakers could pursue similar solutions for Idaho to ensure children across the state have consistent school funding.

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### Endnotes

1 Richert, K. "Tax Shift of 2006 Adds up to Tax Increase." *Idaho Education News*, August 2016.

2 U.S. Census Bureau. (2017). American Community Survey.

3 Sawchuk, S. (2015, March 24). New studies find that, for teachers, experience really does matter. Education Week. Retrieved from <https://www.edweek.org/ew/articles/2015/03/25/new-studies-find-that-for-teachers-experience.htm>

4 Idaho Center for Fiscal Policy. *Idaho Jobs Report*, November 2018.

5 NEA Research. *Rankings of the States 2017 and Estimates of School Statistics 2018*, April 2018.

6 U.S. Bureau of Economic Analysis. *Regional Price Parities by State*, May 2018.



# Appendix

## New FY2020 Task Force Investments

Task Force Recommendation	FY2020
Literacy Proficiency	\$12,900,000
Advanced Opportunities	\$3,000,000
Educator and Student Technology Devices	\$23,000,000
Career Ladder Compensation	\$49,700,000
<b>Total</b>	<b>\$88,600,000</b>

<sup>i</sup>These figures represent the difference between FY2020 and FY2019 appropriations for each item.

## Cumulative Funding of Task Force Recommendations, FY2015 to FY2020, and Funding Remaining

	Task Force Recommendation	Funding To Date	Projected Cost	Funding Remaining
1	Mastery-Based System	\$1,400,000	Undetermined	Undetermined
2	Idaho Core Standards	Met w/existing dollars		
3	Literacy Proficiency <sup>i</sup>	\$26,100,000	\$21,000,000	\$0
4	Advanced Opportunities	\$18,000,000	Undetermined	Undetermined
5	Accountability for Student Outcomes	Met w/existing dollars		
6	Empower Autonomy	Met w/existing dollars		
7	Strategic Planning	Combined with #18		
8	Statewide Electronic Collaboration	Combined with #10		
9	Bandwidth/Wireless Infrastructure	Combined with #10		
10	Educator and Student Technology Devices <sup>ii</sup>	\$73,000,000	Undetermined	Undetermined
11	Restore Operational Funding	\$99,895,500	\$83,895,500	\$0
12	Career Ladder Compensation <sup>iii</sup>	\$226,400,000	\$224,700,000	\$0
13	Enrollment Model of Funding <sup>iv</sup>	\$0	\$57,000,000	\$57,000,000
14	Tiered Licensure	Combined with #12		
15	Mentoring Program	Combined with #16		
16	Job-Embedded Professional Learning <sup>v</sup>	\$21,600,000	\$29,400,000	\$7,800,000
17	Site-Based Collaboration Teachers/Leaders	Met w/existing dollars		
18	Training Admins, Superintendents, School Boards	\$652,000	Undetermined	Undetermined
19	Enhanced Pre-Service Teaching Opportunities	Met w/existing dollars		
20	Recommendations for Teacher Preparation	Met w/existing dollars		
	<b>Total</b>	<b>\$467,047,500</b>	<b>\$415,995,500</b>	<b>\$64,800,000</b>

<sup>i</sup> The Literacy Subcommittee recommended \$21 million over five years beginning with FY17.

<sup>ii</sup> Includes \$2.1 million one time appropriation for last five years. Recommendation was to reach \$60 million in a multi year phase in for line 10, but now projected cost is undetermined because it has been combined with line 9 and 8.

<sup>iii</sup> Projected cost revised in 2018 to \$224.7 million based on updated estimates.

<sup>iv</sup> Estimated by School Funding Formula Committee.

<sup>v</sup> Goal is to reach three professional development days per year.

