IDAHO CENTER for FISCAL POLICY

Still Falling Short: Idaho Must Continue to Improve Public School Investments

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Idahoans value a robust public education system and consistently rank education as their top legislative priority every year.[1] Educating Idaho's children has long been important to our state leaders, so much so that Idaho's founders included providing public education as a responsibility of the legislature in the Idaho state constitution. Article IX, Section 1, states that the legislature must create and support a "general, uniform and thorough system of public, free common schools". Public education is a key investment for Idaho because it creates an educated citizenry that our society benefits from, promotes social mobility for citizens, and encourages increased civic engagement, innovation, and participation in our democracy.

Despite recent increases in state investment, Idaho's public education system remains underfunded. This report examines how funding has yet to recover from past budget cuts made during economic downturns and how changes to the state's school funding formula have made it harder for local districts to secure adequate resources. The Center recommends further investment in the areas of greatest need - particularly schools in low property wealth communities and in special education programs.

Why is it important to have a well-funded public education system?

A well-funded public education system benefits students by equipping school districts with the resources they need to afford key supports that improve student outcomes both in and out of the classroom. Research consistently shows that achievement and graduation rates improve when more money is spent on education, especially for students from low-income families.[2] When school districts are well funded, they can hire and retain well-prepared teachers, provide smaller class sizes, add instructional supports, and invest in early childhood programs like full-day kindergarten.

Idaho is ranked last in the nation for per-student spending.

Idaho has made significant investments in K-12 public education funding over the past several years,[3] but is consistently ranked last in the country in per-student spending. In 2024, Idaho's per-pupil investment was $5,636 below the national average.[4] Despite being ranked last in per-student spending nationally, Idaho's test scores rank high. The only test scores that lag behind other states are fourth grade reading and writing.[5] The state has taken steps to address that issue by investing in early literacy. Delivering excellent student test scores while receiving the lowest per-student funding in the nation is a true credit to Idaho's teacher performance.

However, test scores are not the only reflection of a well-run public education system. Schools also need to meet the needs of the communities they serve with adequate school facilities and educational supports. The Office of Performance Evaluations found that Idaho needed over $1.3 billion to get school facilities up to perfect condition [6] and that the state's special education program is underfunded by over $80 million.[7] While Idaho has made strides in education investments, additional funding is necessary to meet these needs and overcome roadblocks to achieve adequate educational funding.

Recent Idaho investments in education:

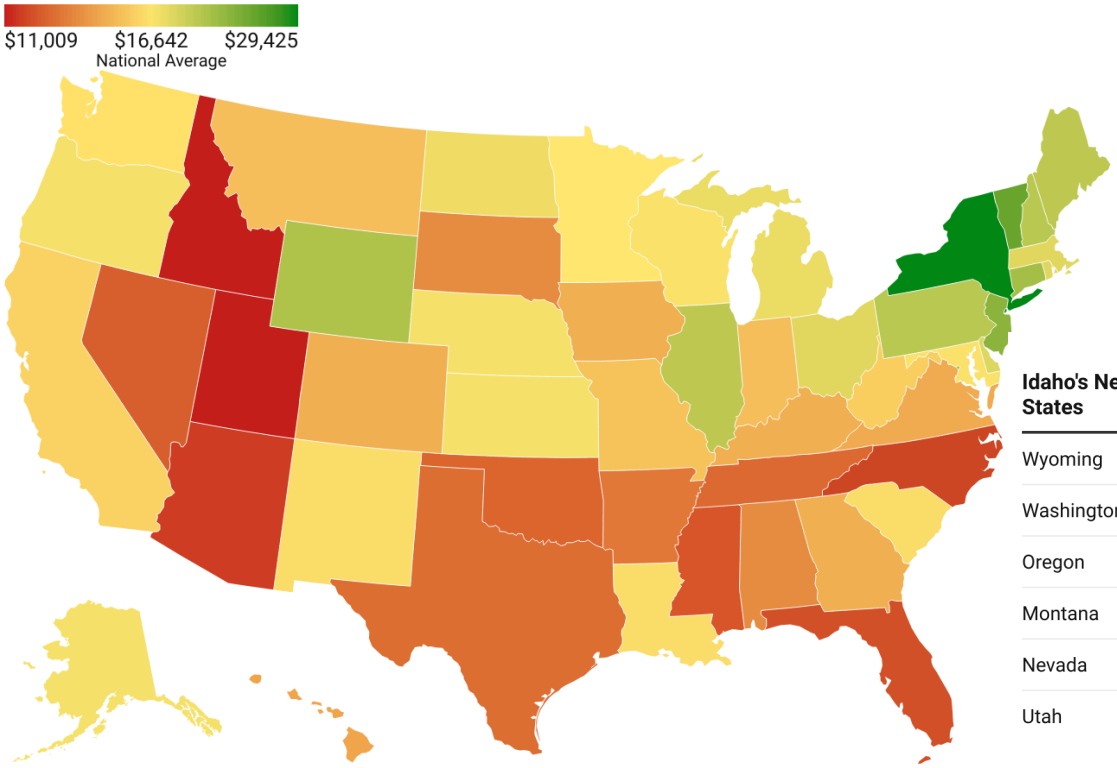
- Increased starting pay and expanded career ladder for teachers
- Increased classified staff pay
- Increased investment in literacy initiatives
- Increased discretionary spending for schools
- Additional funding for school facilities

Despite these significant funding increases, school districts - particularly smaller ones - still have substantial local funding needs that are exacerbated by roadblocks included in recent legislation. These roadblocks include:

- The elimination of the March and August election dates school districts utilized to pass bonds and levies. School districts can now ask the voters for additional funding only during May and November election dates.[8]
- A uniquely high threshold for passing school bonds. Idaho is the only state in the nation that requires school districts to pass a bond with a 2/3rds majority.[9]
- The elimination of calculations that were built into the school facilities funding formula to assist school districts with the greatest need, further driving geographical disparities in education across the state.
    - In 2006, the equalized Maintenance and Operations property tax levies were swapped with an increase to the state sales tax.[10] The swap dismantled a key part of the school funding formula that was designed to ensure a child's school resources didn't depend on their local property values.
    - In 2024, the calculation that was built into school facilities funding to assist school districts with the greatest need was eliminated. The two funds that used this calculation were also eliminated —the Bond Levy Equalization Fund and the School Building Maintenance Fund.[11]
    - State funding is now allocated based on average daily attendance and does not adjust to meet the individual needs of districts and students.[12]

Idaho Public School Investment Remains Behind All Other States

Total State and Local Revenue Dedicated to Public Schools per Enrolled Student by State, FY2022



Idaho's Neighboring States	Additional Public School Investment per Student
Wyoming	+$10,509 per student
Washington	+$5,584 per student
Oregon	+$6,047 per student
Montana	+$4,421 per student
Nevada	+$1,542 per student
Utah	+$7 per student

Created with Datawrapper

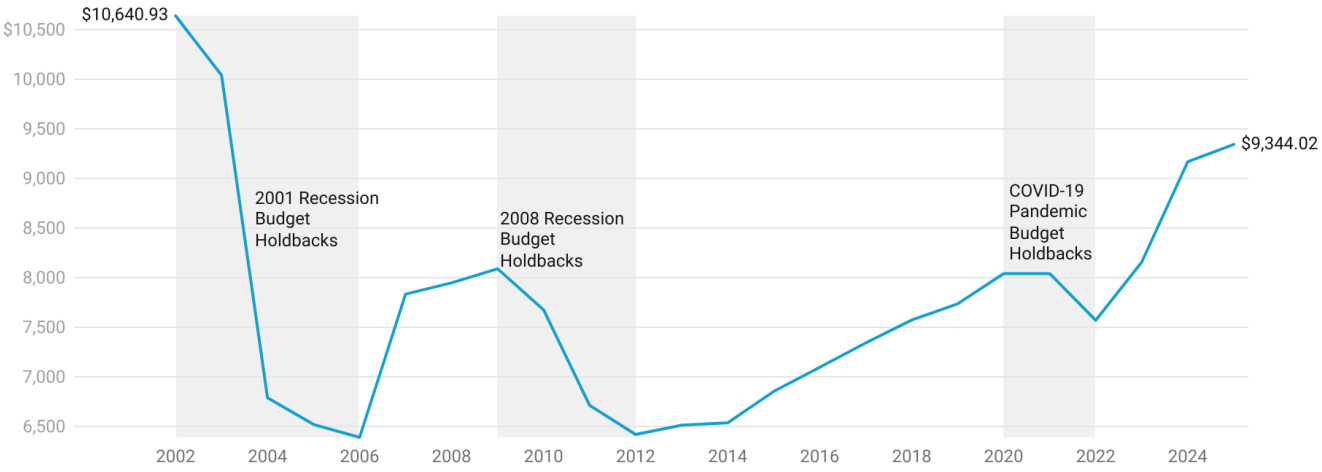
Map: Idaho Center for Fiscal Policy • Source: Education Law Center • Created with Datawrapper

Idaho's per pupil funding has recovered from the 2008 recession but still lags behind where it was over 20 years ago.

Idaho made deep cuts to education funding during times of economic hardship in 2002 and 2008 that the state is still recovering from. As a result, Idaho spends nearly $1,300 less per student today than it did over twenty years ago. Idaho spent about $10,600 per student in 2002 and about $9,300 per student in 2025, after adjusting for inflation. In recent years, significant investments in education have been made to aid in the recovery.

Idaho's Investment in Public Schools is 10% Lower Now Than it Was Over Twenty Years Ago

Idaho's Per Pupil Public Education Spending



Inflation adjusted to 2025 dollars

Chart: Idaho Center for Fiscal Policy • Source: Idaho Legislative Services Office and the Idaho State Department of Education • Created with Datawrapper

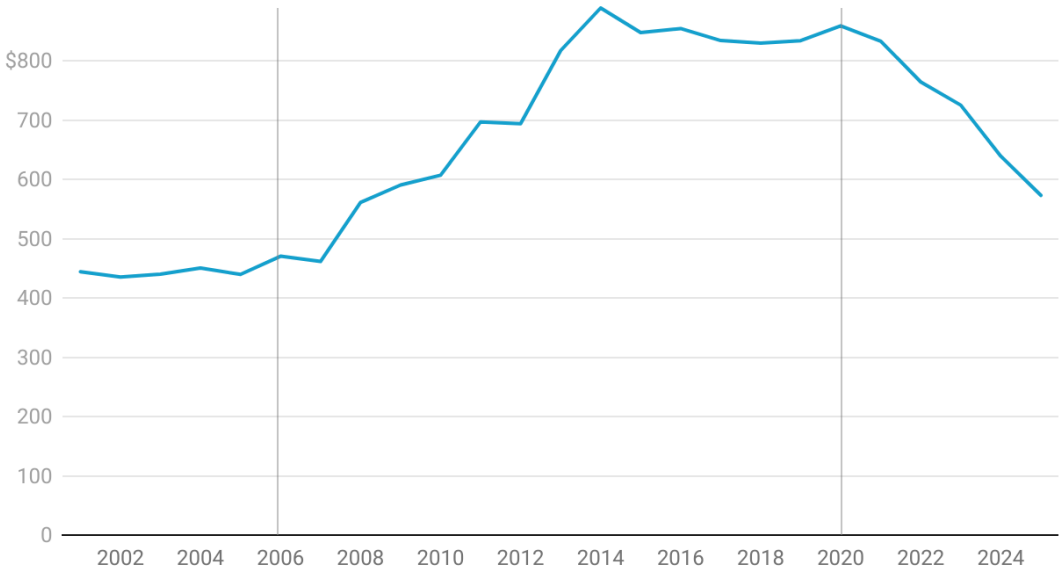
The above chart demonstrates how budget holdbacks have had long-lasting impacts. Budget holdbacks are mandated cuts to agency spending by executive order of a governor that occur when projected government revenues fall below expectations, allowing a state to balance its budget.

- In response to economic hardship in 2002, Governor Kempthorne ordered a 3 percent holdback on all state agencies and a lower 2.5 percent holdback on public schools, the first permanent holdback on public schools in Idaho history. Governor Kempthorne ordered another round of 3.5 percent holdbacks in 2003, excluding public schools.[13]
- During the great recession in 2008, Governor Otter ordered 4 percent holdbacks and ordered another round at 1.6 percent in 2010.
- In response to the pandemic in 2020, Governor Little ordered 5 percent holdbacks on all agencies including public schools.[14] An influx of federal funds to public schools during the pandemic helped bridge this gap in funding.
- Due to government revenues falling below projections in 2025 following the passage of $453 million in tax cuts, Governor Little ordered 3 percent holdbacks to all agency budgets, excluding public schools.[15]

Idaho's history of budget holdbacks and changes to how school districts are funded resulted in an increase in school districts' reliance on local school bonds and levies.

School District's Reliance on Supplemental Levies Greatly Increased After 2006

Per pupil funding from 2002-2024



Inflation adjusted to 2025 dollars

Chart: Idaho Center for Fiscal Policy • Source: Idaho Legislative Services Office and the Idaho State Department of Education • Created with Datawrapper

Idaho school districts' reliance on supplemental levies greatly increased after 2006 but is decreasing in recent years due to increased federal and state investment.

Idaho school districts' reliance on supplemental levies greatly increased after 2006 due to a "tax swap" spearheaded by Governor Risch. This policy change swapped the Maintenance and Operations (M&O) property tax levy for an increase in the sales tax.

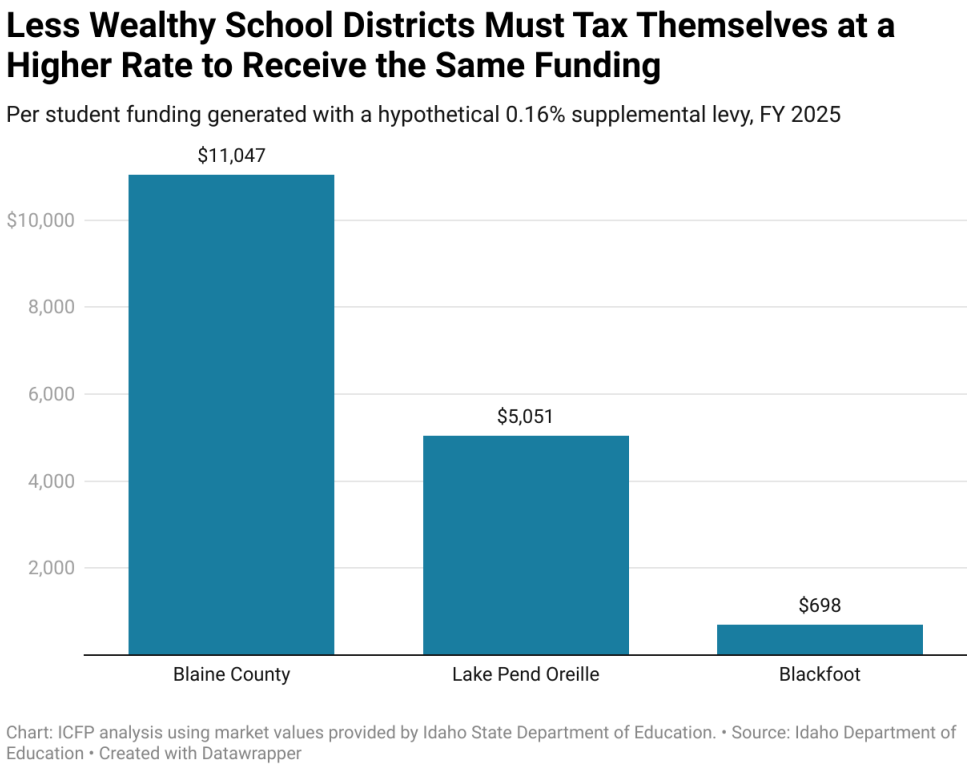
Prior to 2006, Idaho schools had the authority to raise revenue through M&O property tax levies without continually asking voters at the polls. The state funding formula accounted for these local resources by distributing more General Fund revenue to districts with less property wealth available to tax. 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 didn't depend on local property values.

In the following years, more school districts sought supplemental levies to fill the funding gaps created by the tax swap. Unlike the M&O levies, supplemental levies must be approved by voters and generally only last two years before needing to be reapproved. While suitable for providing short term supplemental classroom resources, they are unstable forms of funding and were never intended to be relied upon for ongoing needs.[16] Before the elimination of M&O levies in 2006, the majority of school districts did not have supplemental levies. In FY 2025, 80 out of 115 (70 percent) school districts relied on them.[17]

In 2020, school districts' reliance on supplemental levies began to steadily decrease. In 2025, school districts now have the fewest voter-approved levies since 2009 and collected the lowest levy revenue since 2012.[18] This could be due to several public education investments at the federal and state level. During the pandemic, schools received federal Elementary and Secondary School Emergency Relief (ESSER) funding that assisted districts with filling positions not funded by the legislature. These funds have since expired. The state also made investments in literacy and teacher pay which could have led to fewer districts having to seek levies to pay for full-day Kindergarten or teacher salaries. The state also made investments in school facilities with House Bill 292 in 2023 and House Bill 521 in 2024 which could have also contributed to the decrease of the use of supplemental levies.[19]

School funding continues to depend on wide-ranging district property wealth.

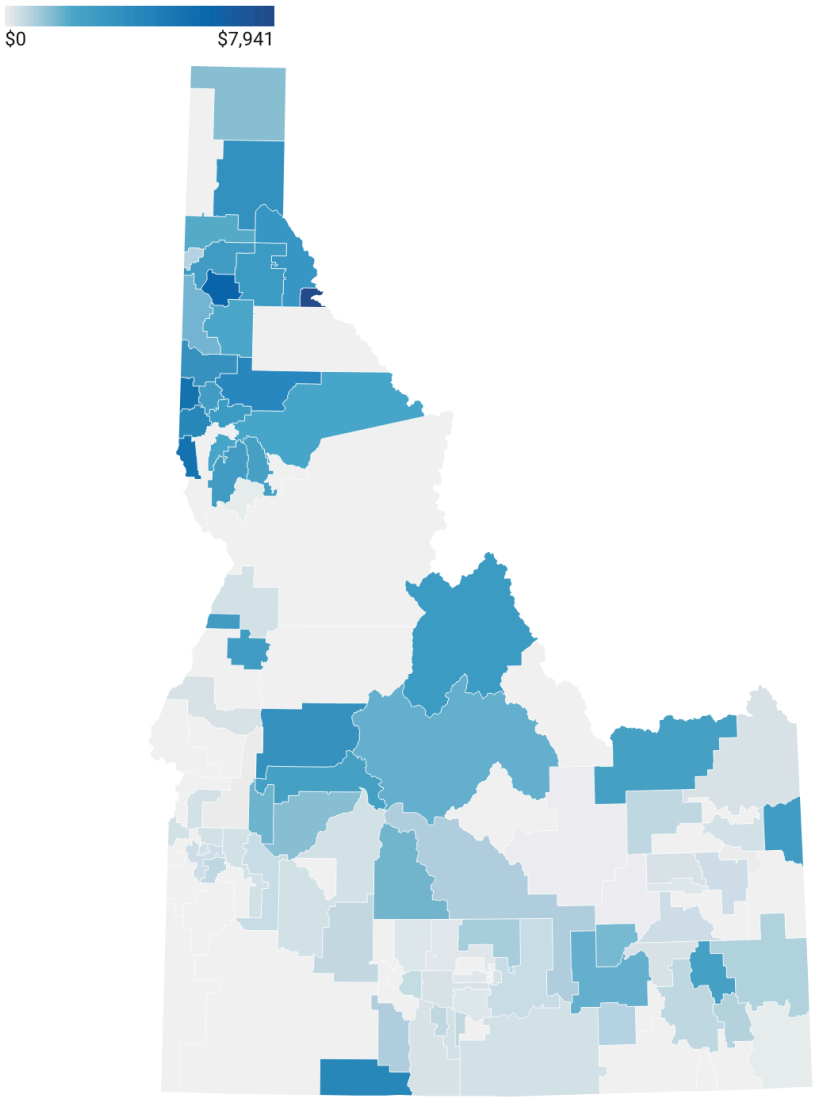
While the use of supplemental levies has declined, they remain a key source of revenue for most school districts. Wealthy school districts can raise more supplemental levy revenue at a lower tax rate than school districts with less property wealth, as seen in the chart below. The same 0.16 percent supplemental levy rate would raise 7 times more school funding in Lake Pend Oreille School District than in Blackfoot School District, while in Blaine County School District it would raise 16 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 must ask for a higher rate from residents who face lower wages. For example, the median household income in Blackfoot School District is 14 percent lower than in Blaine County School District.[20]



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. Local public school revenue varies greatly, with 35 school districts not having any supplemental levies and others receiving up to $7,941 per student, as seen in the map on the following page.

Local Revenue for Public Schools Continues to Vary Greatly Across Idaho

Supplemental Levy Funding per Student by School District, FY 2025



The supplemental rate is the percentage that is levied on the market value of a qualifying property. Supplemental levy figures do not include other types of levies, such as emergency, tort, or budget stabilization.

Map: Idaho Center for Fiscal Policy • Source: Idaho Department of Education • Created with Datawrapper

In addition to local school funding varying greatly throughout Idaho due to different levels of property wealth, school districts with lower property wealth have a more difficult time passing school bonds to pay for new school facilities. House Bill 521 created a School Modernization Facilities Fund that helps address shortfalls in school facility funding, but these new funds do not combat the inequities in funding for school districts. The Idaho Office of Performance Evaluations determined that Idaho needed $1.3 billion to get its schools up to perfect condition. Even though the School Modernization Facilities Fund bonds for that amount, it distributes the dollars based on average daily attendance instead of by need. Targeting funding on the school districts struggling the most to replace or repair their dilapidated school buildings would have made a more significant impact. Most school districts will still need to bond for additional funding to meet their needs. Eliminating the March and August election dates made it harder to do so because now there are fewer opportunities to ask voters for additional funding.

Policy Recommendations: Idaho still needs to make additional investments in public education to support school districts' specific needs and support Idaho students.

Tailor the school funding formula to meet districts' specific needs.

The Office of Performance Evaluations found that state funding for districts does not meaningfully increase as the percentage of special education students, English learners, or students from low-income households in a district increases. School facilities funding from the school modernization facilities fund distributes the dollars based on average daily attendance instead of targeting the funding to the school districts struggling the most to replace or repair their dilapidated school buildings. Most school districts will still need to seek bonds and levies for additional funding to meet their needs.[2]

Invest in educational supports for special needs students.

The Idaho Legislature introduced three bills to address the over $80 million shortfall in special education funding during the 2025 Legislative Session, but none were passed.[22] One out of ten students in Idaho receive special education services, but the state provides funding for less than half. This requires school districts to increase their reliance on supplemental levies to fill the gap.[23]

Prioritize public school funding needs over private school funding.

The Idaho Legislature passed House Bill 93 during the 2025 Legislative Session to commit $50 million in tax credits to families that homeschool or send their children to private school,[24] even if the school is out of state.[25] This funding could have been allocated to address the special education funding gap in Idaho public schools.

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