

Understanding House Bill 608 (2026): Refining Idaho's Public School Facilities Cooperative Funding Program

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What is House Bill 608?

House Bill 608 makes targeted improvements to Idaho's Public School Facilities Cooperative Funding Program (Idaho Code § 33-909), which is a funding resource for districts with unsafe school facilities that lack sufficient local resources.¹ The bill improves on changes enacted in HB 338 of 2025 by eliminating repeat election requirements and providing discounted interest rates for districts with lower property wealth. Since the passage of HB 338, nearly all program funds have been awarded to address critical district safety issues, including replacing electrical, HVAC, and roofing systems; installing flooring; upgrading chemical storage labs; building a new elementary school; installing a fire alarm system; and conducting asbestos remediation.² The changes in HB 608 will make it easier for districts to apply for funding to address safety issues.

Why was the Public School Facilities Cooperative Funding Program Created?

The creation of the funding program traces back to the Idaho Supreme Court's 2005 decision in *Idaho Schools for Equal Opportunity v. State of Idaho*. In that ruling, the Court found that Idaho's reliance on local property taxes to fund major school facility repairs was unconstitutional because it failed to ensure a thorough system of public schools for districts with low property wealth. The state has a constitutional duty to provide a safe learning environment, and a funding system that depends solely on local property wealth leaves poorer districts unable to meet that obligation.³

In response, the Legislature created the funding program in 2006 and initially appropriated \$25 million to support districts facing unsafe building conditions. However, the fund was largely dormant for nearly two decades and was used only once between 2006 and 2024 due to the onerous requirements to use it. It required multiple failed bond attempts before eligibility, mandatory state supervision of projects, and transfer of construction authority to a state-selected construction manager, rather than allowing for local district control.⁴

How did HB 338 Improve the Funding Program?

HB 338 revived and strengthened the funding program by:

- Increasing its funding by \$25 million, transferring resources from the eliminated Bond Levy Equalization Fund (repealed in HB 521 of 2024).
- Bringing the total available balance to approximately \$50 million (the balance has since been nearly completely awarded).
- Revising supervision requirements and easing certain eligibility barriers.

HB 338 repositioned the funding program as an active tool to help districts that could not pass or afford bonds to address unsafe facilities, helping the state meet its constitutional duty to provide a safe educational environment.

How does HB 608 Further Improve the Funding Program?

1. Removes Repeat Election Requirements

HB 608 eliminates statutory language that could require districts to return to voters for another bond election under narrow circumstances once their application for funding is approved.

Under current law, districts may apply to the funding program if they have:

- Failed to pass a bond within the previous two years, or
- Successfully passed a bond or levy that proves insufficient to fully address the repair, renovation, or replacement of an existing unsafe facility.

Additionally, if a serious safety issue remains unaddressed, the state has the authority to initiate the application process on a district's behalf.⁵

Prior to HB 608, if the review panel approved a funding amount lower than the amount previously proposed in a local bond, the district could be required to return to voters to seek approval for that lower amount rather than automatically receiving the panel-approved award. In practice, this created a redundant election requirement, even when the community had already weighed in on the underlying project.

HB 608 removes this provision, allowing districts to accept the panel's adjusted award without holding another bond election.⁶

Why this matters:

Requiring repeat elections can delay urgent safety repairs, create voter fatigue, and generate confusion in communities that have already engaged in the bonding process. By streamlining this step, HB 608 provides a more predictable and efficient pathway for districts seeking to address unsafe facilities while still preserving local voter input at the beginning of the process.

2. Clarifies Eligibility

HB 608 confirms that districts may apply for the funding program not only after a failed bond, but also when:

- A bond or levy passes, but
- The approved funding is insufficient to address documented unsafe conditions, as long as the approved bond was passed within the two years preceding the application.⁷

Why this matters:

Construction costs often exceed initial projections. This change acknowledges fiscal realities and ensures districts are not penalized for partial local success. Salmon school district was able to pass a bond for \$20 million after 13 failed attempts, but construction costs were higher than expected. HB 338 made it possible for the district to receive \$9 million in gap funding for its new elementary school.⁸

3. Refines Repayment Requirements

Awards approved by the Public School Facilities Cooperative Funding Program panel must be repaid by participating school districts over a 20-year period. However, repayment is structured to minimize additional tax pressure on districts.

Under HB 338, lawmakers amended the School District Facilities Fund's repayment "waterfall" (created in HB 292 in 2023). State facilities dollars distributed to a district are applied in the following order:

1. First, to pay down existing voter-approved bond, supplemental levy, and plant facility levy debt;
2. Once that local debt is paid, remaining distributions flow toward repayment of any outstanding funding program award;
3. Then remaining funds can be used for the construction of a new school facility, renovation, or maintenance needs. (HB 636 (2026) is currently being considered and would include facility leases in this list of allowable expenses.)⁹

Importantly, districts are not required to levy additional local taxes specifically to repay funding program awards. Repayment occurs only through allocations received from the School District Facilities Fund. If a balance remains after 20 years, the remaining amount is forgiven.¹⁰

HB 608 revises how the interest rates on funding program awards are structured to reflect district capacity. The calculation incorporates factors such as property market value, unemployment rates, and per capita income.¹¹ Districts with lower property wealth or higher economic need qualify for reduced interest rates, effectively providing a discounted loan structure to communities with fewer local resources.¹²

This tiered repayment design is intended to reduce the tax burden on economically constrained districts while still maintaining fiscal accountability.

Additionally, if a district's project costs come in under budget, any verified savings must be returned to the funding program.¹³ This ensures that unused dollars are recycled to assist other districts with documented unsafe facilities.

Why this matters:

Requiring districts to return unused project funds and partially pay back the awards strengthens fiscal stewardship and ensures that limited state dollars are recycled to assist other communities facing urgent safety concerns.

At the same time, the overall design of the funding program has important long-term implications. Because repayment occurs only through distributions from the School District Facilities Fund, and remaining balances are forgiven after 20 years,¹⁴ many high-need districts will ultimately repay only a portion of their awards. This structure appropriately reduces tax pressure on economically constrained communities, but it also means the funding program is not designed to be fully self-replenishing.

As a result, the program functions more like a partially forgivable loan program than a revolving fund. Without additional appropriations, available balances will decline as awards are made.

That dynamic is especially significant given the scale of statewide need. Idaho's estimated school facility replacement need is approximately \$2.7 billion,¹⁵ far exceeding the current funding program capacity. Notably, within a year of the improvements enacted in HB 338, nearly all available fund dollars had already been committed.¹⁶

Taken together, this suggests that while the program meaningfully improves access to safe facilities for high-need districts, it does not eliminate the broader funding gap. Policymakers may need to revisit long-term revenue strategies if demand continues to outpace available funds.

HB 608 Improves Funding Program for School Districts and Needs Further Investment

The cooperative fund exists to address structural disparities in Idaho's property tax-based school facility funding system. HB 608 strengthens that purpose by:

- Eliminating repeat election requirements that delay urgent safety repairs that disproportionately burden small and rural districts.
- Clarifying that districts are eligible to apply for the funding program if a voter-approved bond fails to fully cover the cost of the safety project, provided the bond election occurred within the previous two years.
- Providing reduced interest rates to districts with lower property wealth or higher economic need, especially benefiting small and rural districts with fewer local resources.

In doing so, the bill reinforces the state's constitutional duty to ensure all students, regardless of zip code, learn in safe environments.

However, Idaho still heavily relies on local property wealth to finance school facilities. While HB 338 and HB 608 work to improve access to the funding program, the scale of statewide needs still far exceeds the available resources. Continued investment in the Public School Facilities Cooperative Funding Program is needed to fully meet facility needs across the state.

References

1. Opening remarks on House Bill 608 by Rep. Rod Furniss in a Senate Education committee meeting on February 24, 2026. <https://iso.legislature.idaho.gov/MediaArchive/ShowMediaByCommittee.do>
2. Ibid.
3. Ibid.
4. Ibid.
5. Idaho Legislature. "H0608 – Seventy Eighth Legislature (2026): Revise Provisions Regarding the Public School Facilities Cooperative Funding Program." Pg 1, lines 17-32.
6. Ibid. Pg 2, lines 34-43.
7. Ibid, Pg 1, lines 28-32.
8. Dolan, Sean. "'It's a goofy thing': Unorthodox state facilities funding model might need tweaked." Idaho Ed News. October 7, 2026.
9. Idaho Legislature. "H0636 – Seventy Eighth Legislature (2026): Revise Provisions Regarding the School District Facilities Fund." <https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2026/legislation/H0636.pdf>
10. Idaho Legislature. "H0608 – Seventy Eighth Legislature (2026): Revise Provisions Regarding the Public School Facilities Cooperative Funding Program." Pg 4, lines 28-36.
11. The calculation used is the bond levy equalization fund index established in ID Code § 33-906B (2023).
12. Idaho Legislature. "H0608 – Seventy Eighth Legislature (2026): Revise Provisions Regarding the Public School Facilities Cooperative Funding Program." Pg 4, lines 1-15.
13. Ibid. Pg 5, lines 3-15.
14. Ibid. Pg 4, lines 23-44.
15. Opening remarks on House Bill 338 by Rep. Sonia Galaviz in a House Education committee meeting on March 3, 2025. <https://iso.legislature.idaho.gov/MediaArchive/ShowMediaByCommittee.do>
16. Opening remarks on House Bill 608 by Rep. Rod Furniss in a Senate Education committee meeting on February 24, 2026. <https://iso.legislature.idaho.gov/MediaArchive/ShowMediaByCommittee.do>