

FY2003	FY2007	FY2011
D	D	F
Grade based on % of Weighted Funding Disparity		

Idaho

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Introduction

This chapter compares district and charter school revenues statewide, and for Boise School District for fiscal year 2011(FY11)¹. Comparisons are made to previous research for fiscal year 2003 (FY03) and fiscal year 2007 (FY07),

based on the same methodology. Funding disparities between districts and charter schools for the same geographic area are explored. The per pupil funding values in the analysis are weighted to compare district and charter schools as though they served the same proportions of urban and suburban students (see Methodology for details). Additional research and insights not included in this chapter appear in the monograph at the beginning of this report. The monograph also includes a state-by-state Return on Investment (ROI) analysis, which combines the analysis of revenues with student performance data.

Highlights of the FY11 Analysis

- Statewide, Idaho's 40² charter schools included in this analysis received 22.2 percent less funding than district schools: \$7,884 vs. \$6,134 per pupil (Figures 1 & 3).
- Idaho's charter schools received \$6,134 per pupil, but district schools would have received an estimated \$8,262 to educate the same students, a difference of \$2,128 or 25.8 percent. Weighting the district per pupil revenue therefore increases the funding disparity by \$378 from the unweighted statewide difference above (Figure 3).
- Boise District's eight charter schools included in this report received 42.7 percent less funding than district schools: \$9,259 vs. \$5,306 per pupil, a difference of \$3,954 per pupil (Figure 3).
- Charter schools in Idaho educate 5.8 percent of total public school enrollment but receive only 4.6 percent of total revenues (Figures 2 & 3).
- Magnitude of Disparity: In Idaho, if districts statewide received the same level of per pupil funding as charter schools in FY11, they would have received \$459,088,238 *less* in total revenues.

Probable Causes of the Disparities

Disparities by Design

(1) Local Revenue Access

- Idaho charter schools do not have access to local revenues, and the state funding system does not equalize for this lack of local revenues. Boise district schools generated \$3,296 in Local dollars per student, while Boise charter schools received \$0 in Local revenues. In spite of this lack of Local revenues, Boise charter schools received \$177 less per pupil in State revenues than Boise district schools.
- As state budgets tightened with the nationwide economic downturn, and in response to the elimination of the equalized Maintenance and Operations property tax, Idaho school districts offset declining State revenues by raising local Supplemental Override levies³—all revenues that charter schools cannot access.

(2) Facilities Funding Access

- Charter schools receive no funding for capital.

Figure 1

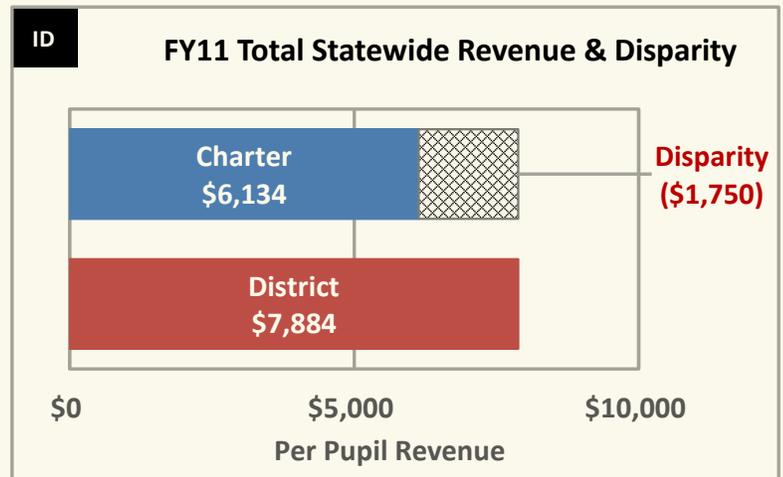


Figure 2

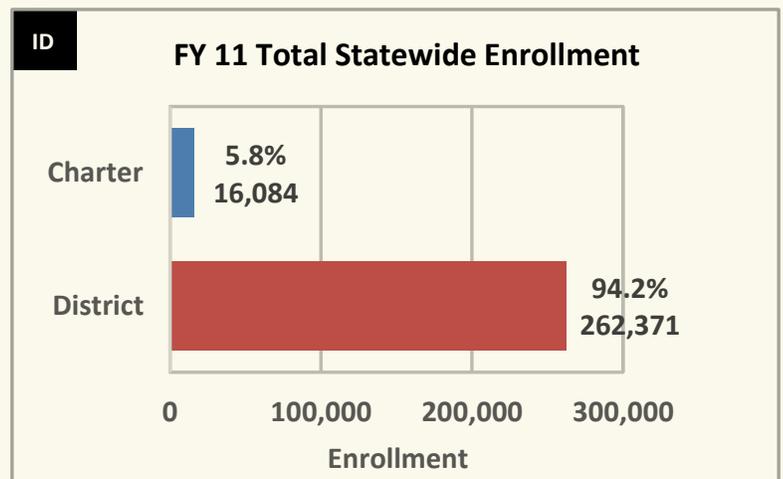


Figure 3

ID Summary Data Table						
FY2010-11	Statewide		Statewide Weighted by Charter Enrollment		Boise School District	
Per Pupil Revenue						
District	\$7,884		\$8,262		\$9,259	
Charter	\$6,134		\$6,134		\$5,306	
Difference	(\$1,750)		(\$2,128)		(\$3,954)	
% of District	(22.2%)		(25.8%)		(42.7%)	
Per Pupil Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	\$1,106	\$568	\$1,070	\$568	\$975	\$495
State	\$4,907	\$5,101	\$4,822	\$5,101	\$4,599	\$4,422
Local	\$1,586	\$0	\$2,057	\$0	\$3,296	\$0
Other	\$284	\$465	\$313	\$465	\$389	\$389
Public-Indeter.	\$0	\$0	\$0	\$0	\$0	\$0
Indeterminate	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$7,884	\$6,134	\$8,262	\$6,134	\$9,259	\$5,306
Enrollment						
District	262,371 94.2%		Focus Area Districts Educate 9.6% of All District Students		25,059 81.9%	
Charter	16,084 5.8%		Focus Area Charters Educate 34.4% of All Charter Students		5,536 18.1%	
Total Enrollment	278,455		N/A		30,595	
Charter Schools	32		N/A N/A		8	
Revenue						
District	\$2,068,414,956 95.4%		N/A N/A		\$232,032,768 88.8%	
Charter	\$98,655,762 4.6%		N/A N/A		\$29,371,958 11.2%	
Total Revenue	\$2,167,070,718		N/A		\$261,404,726	
Percentage of Revenue by Source	District	Charter	District	Charter	District	Charter
Federal	14.0%	9.3%	12.9%	9.3%	10.5%	9.3%
State	62.2%	83.2%	58.4%	83.2%	49.7%	83.3%
Local	20.1%	0.0%	24.9%	0.0%	35.6%	0.0%
Other	3.6%	7.6%	3.8%	7.6%	4.2%	7.3%
Public-Indeter.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Indeterminate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Magnitude of Disparity = Total Funding Difference x District Enrollment (see above)						
	(\$459,088,238)				(\$99,079,030)	

Note: The number of charter schools included in the analysis reflect the number for which we received revenue data from the SDE.

(3) District Status

- Twenty-six of the 40 charter schools included in this analysis were considered local education agencies (LEAs) for the purposes of funding. The charter schools with non-LEA status received some services in lieu of funding from their authorizers, such as special education services, which would lower total charter revenues.

(4) Access/Distribution of Federal revenues

- Full access and dispersal of Federal funding may be problematic for charters given that charters statewide received \$538 less in Federal funds per student than the state's districts, and Boise charter schools received \$480 less per student than Boise district schools. Figure 9 also shows that Boise district Federal revenues increased by 53.8 percent between FY03 and FY11, when, over the same timeframe, Boise charters saw decreases in Federal dollars of 35.0%.

Where the Money Comes From⁴

The majority of state revenues for Idaho public schools come from individual income taxes, corporate income taxes and the sales tax. Other revenue sources come from "sin taxes," utilities and fees, estate taxes and land use revenues. Local revenues come primarily from property taxes and supplemental levies.

How Idaho Funds Its Districts⁵

The Idaho Supreme Court declared Idaho's school funding system unconstitutional in 2005. Subsequently, the legislature overhauled Idaho's state funding mechanism in a special session, and the new law took effect in 2007. The new system ended the predominant reliance on property taxes to fund M&O and, instead, instituted a one percent sales tax to fund basic operations. The majority of the M&O levies in place prior to 2007 were all equalized. With the new funding system, none of the M&O levies left in place after 2006 are equalized.⁶

Idaho uses a funding mechanism that essentially funds systems rather than students based on three core determinants: district size, grade levels, and staffing. A district is funded by its total "support units," which are tallied based on average daily attendance (ADA) and weights that are assigned to grade levels. Schools with larger ADAs will have larger divisors, and smaller schools will have smaller divisors. Grade level divisors are highest for PreK and lowest for secondary alternative school students.

Figure 4

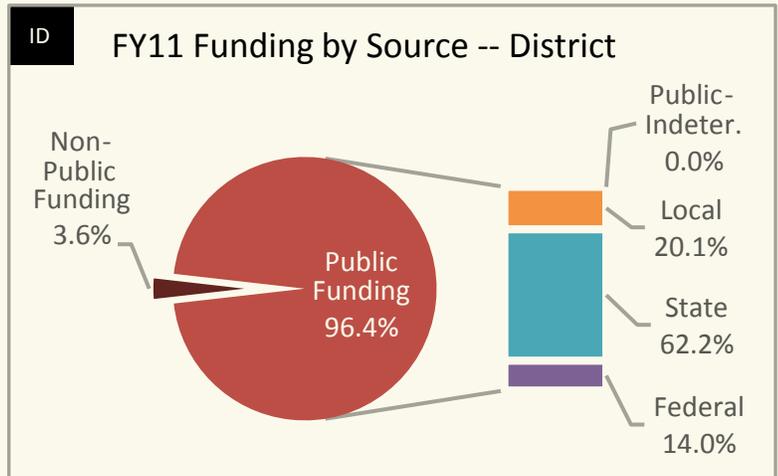
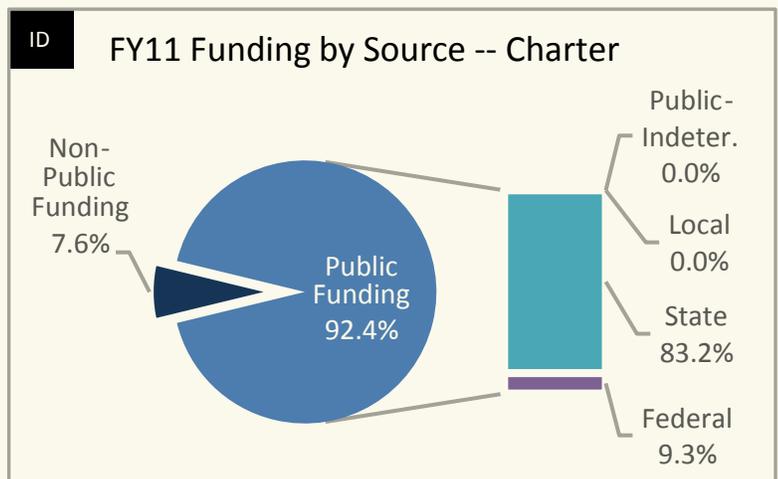


Figure 5



Support units are also used to calculate salaries, benefits, and discretionary funds. Salaries and benefits are allocated based on the first ADA count (the first day of school through the first Friday in November), whereas discretionary funds are tallied using the best 28 weeks ADA. Staffing supports are broken down into three categories: instructional, administrative and classified. Instructional and administrative staff salaries are determined using a legislatively set base salary and an “experience and education” multiplier. For FY11, school districts had to employ the number of instructional staff for which they received funding. Beginning in FY12 school districts could employ seven percent less instructional staff, which increased to 9.5 percent less in FY13 and then to 11 percent less in FY14, where it is capped. Benefits are calculated based on an annually set percentage of salary apportionment.

School districts also receive funds for transportation, special education, lottery proceeds and Bond Levy equalization support in addition to special distributions for remediation and the Idaho Reading Initiative.

Local school districts support capital needs through local bond levies. They can also generate revenues for M&O with voter-approved supplemental override levies, which have been on the rise since the economic downturn.

How Idaho Funds Its Charter Schools⁷

Idaho charter schools receive funding through Idaho state funding, federal funding, and other dollars earned by individual schools; they do not receive any funding from local revenue sources collected by school districts.

The state calculates a charter school’s revenues by using the formula above, with the exception that 1) a school with less than 100 ADA uses a divisor of 12 and the minimum support units do not apply, and 2) charter schools cannot receive an increase in more than 30 support units from the prior year’s total. State statute says that charter school funding from the state educational support program “shall be equal to the total distribution factor plus the salary-based apportionment.”

Twenty-six out of 40 charter schools in this analysis are considered LEAs and receive federal and state special education revenues for all eligible enrolled students in addition to student transportation revenues for students who 1) reside within the school district where the charter school is physically located or 2) reside within 15 miles of the charter school by road. The remaining 14 charter schools authorized by a school district likely receive services in lieu of some funding⁸ (e.g., special education services or food services), and a few charter schools have been able to negotiate favorable facilities contracts using available district facilities.

For FY11, charter schools received no capital funding.

Funding for Public School Facilities

Traditional public school districts in Idaho generate the vast majority of funding for school facilities through local bond referendums and local taxes. The state created the Public School Facilities Cooperative Funding Program to assist local districts in remedying identified school building hazards. To qualify for funding, a school district must demonstrate at least one failed bond referendum within the two-year period immediately prior to their application for funding.⁹

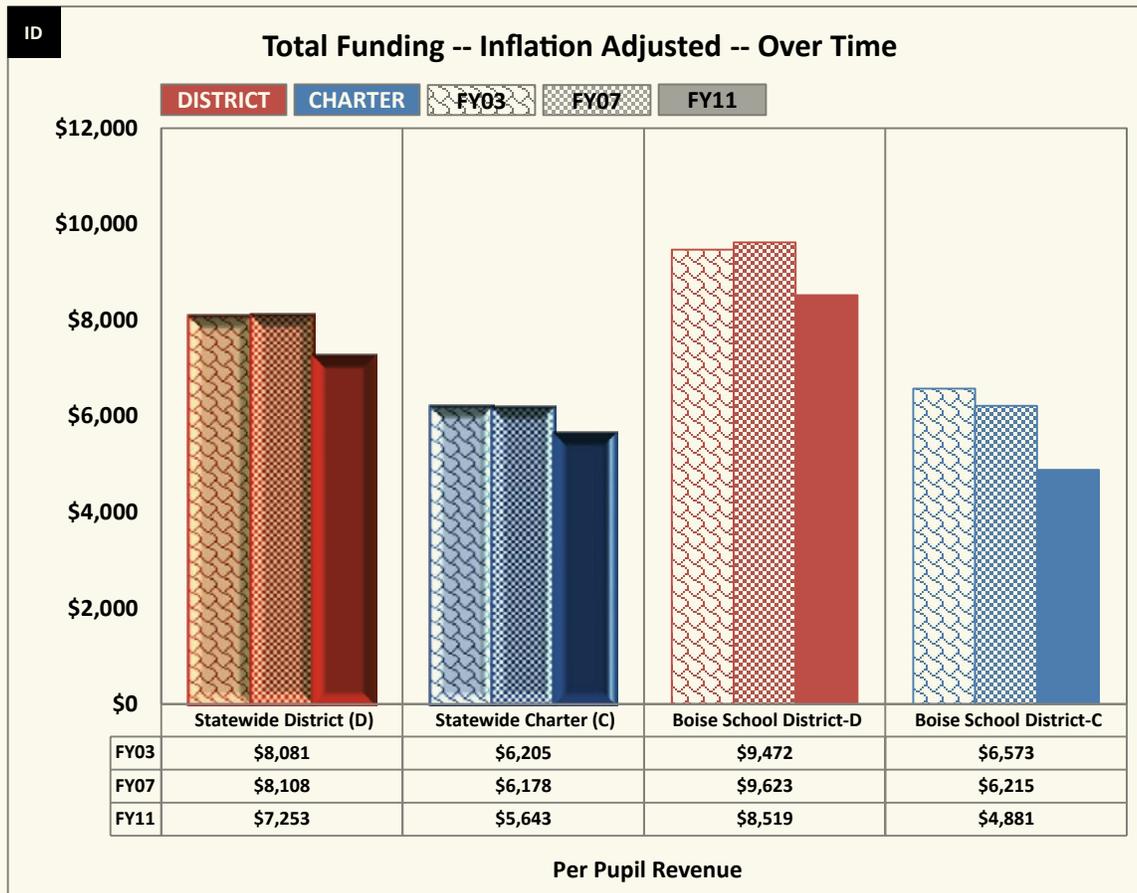
Charter schools received no per pupil support for facilities during FY11. State statute gives charter schools access to local bond levies, but only if school districts agree to include them in referendums.

In April of 2013, the Idaho Legislature adopted a bill that would begin funding charter school facilities during the 2013–14 school year. Under HB206, charter schools will receive a percentage of the average of revenues raised through local school board millages. The first year’s distributions will be approximately 20 percent of the average, increasing to 40 percent in 2015. The amount will range between 20 and 50 percent of the average annually, depending upon state spending.¹⁰ Year-one charter facilities funding is estimated at \$2.1 million or \$34,000 per charter school.¹¹

Long-Term Funding Patterns

For Idaho, we now have three point-in-time snapshots of public education funding for FY03, FY07, and FY11.¹² Please note that in the presentation and discussion of longitudinal data that follow, the figures used are inflation-adjusted to fiscal year 2007 dollars and differ from figures presented in Figure 3, which includes actual and weighted per pupil revenues representing FY11 only. The inflation-adjusted per pupil revenues in Figures 6–8 are for comparative purposes only. Refer to the Methodology section for more on inflation adjustments.

Figure 6



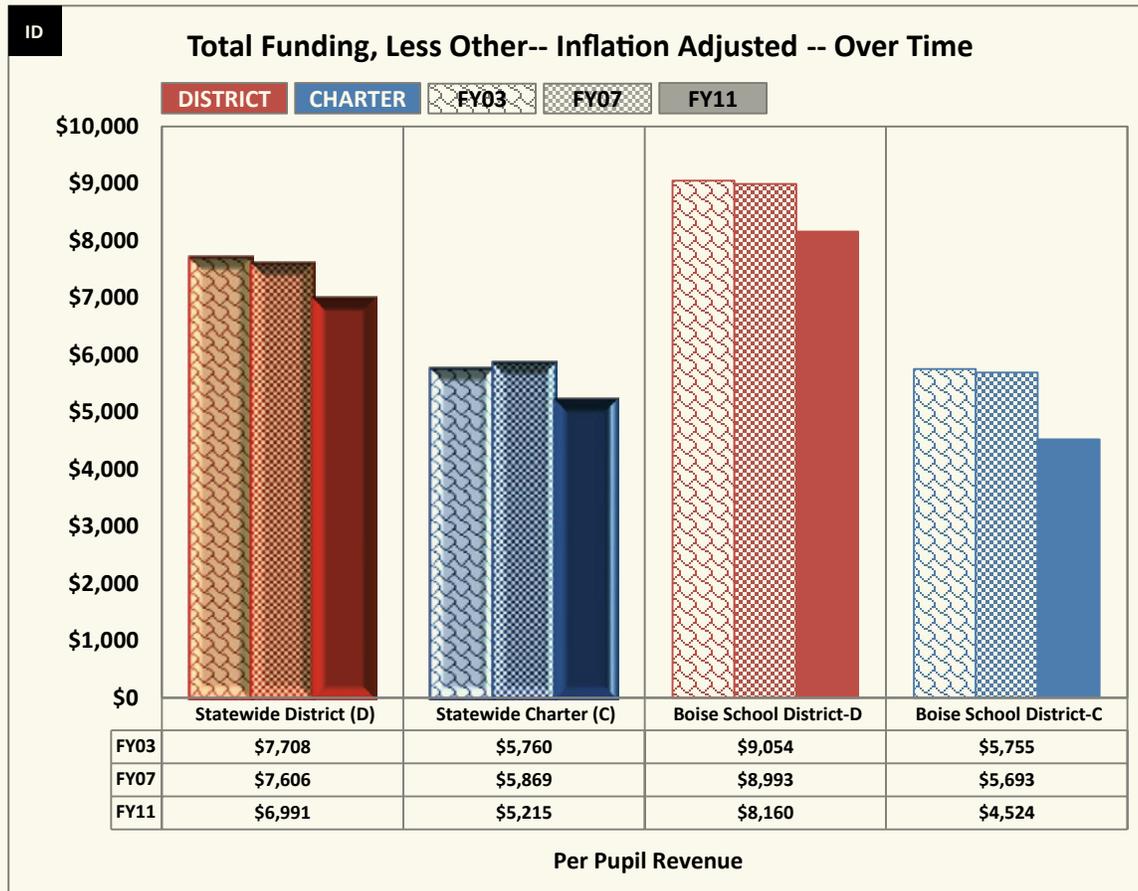
Total Funding

Total Funding for school districts across the state and for Boise increased marginally between FY03 and FY07. Across the state, district revenues climbed by less than one percent, or \$27 per pupil, and by 1.6 percent for Boise district schools (\$151 per pupil). Between FY07 and FY11, however, district revenues dropped by \$855 per pupil and led to an overall statewide decline between FY03 and FY11 of 10.2 percent, or \$828 per pupil. Boise School District experienced a similar drop of 10.1 percent or \$953 per student, which was largely triggered by a significant decline in funding between FY07 and FY11 of \$1,104 per pupil. Charter schools, on the other hand, experienced a steady decline from the start. Between FY03 and FY11 charters statewide saw revenues dip by 9.1 percent or \$562 per pupil, and Boise charter schools fared even worse, with a sharp drop in revenues of 25.7 percent or \$1,692 per student.

Total Funding Less Other

Our study includes total funding whether the funds originate from public or private sources. The “Other” category is comprised primarily of philanthropic dollars, which can play a significant role in the financing of charter schools. Therefore, we have removed Other dollars from this level of the analysis to determine if funding from public sources is distributed equitably to districts and to charter schools. Public funding includes Local, State, Federal, Indeterminate-Public, and where we cannot determine the source, Indeterminate.

Figure 7



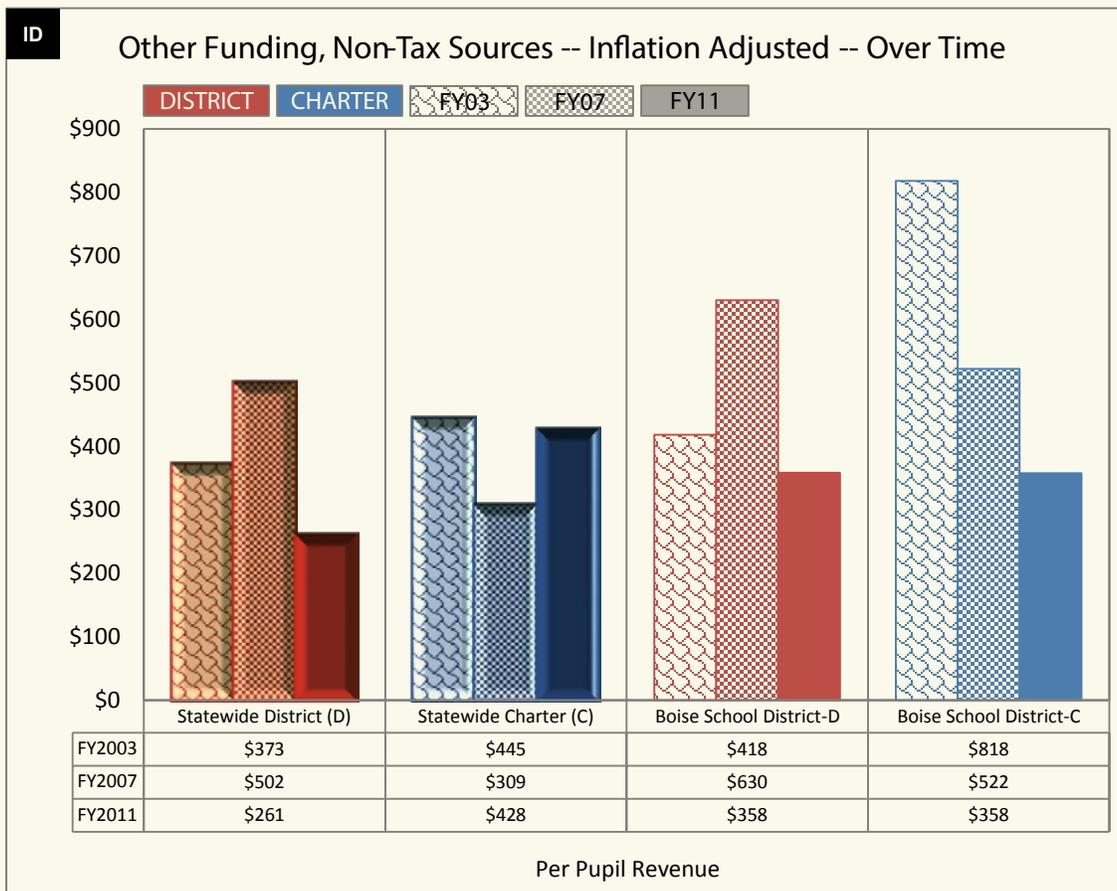
With the exception of a brief and small revenue increase for charter schools statewide between FY03 and FY07 of \$109 per pupil, both charters and districts experienced a persistent trend of declining public revenues with the biggest decreases occurring between FY07 and FY11. Boise charters saw the largest public dollar decline between FY07 and FY11 of 21.4 percent, or \$1,232 per pupil. Boise district schools lost 9.9 percent in public revenues, or \$893 per student, and districts across the state had a similar total loss of 9.3 percent, or \$716 per student.

The large losses in public dollars for Boise charters are particularly significant given their large spike in enrollment growth (up 343.2% between FY07 and FY11). Boise district schools saw enrollment growth of 6.3 percent in the same timeframe. Here again, Boise’s ability to raise local supplemental levies helps soften the drop in state revenues, but because they lack access to these local sources, the funding disadvantage grows even wider for Boise charter schools.

Other Funding

Other funding encompasses all forms of revenue not originating from public revenue sources, such as returns on investments, charges for facility rentals, and philanthropy. Of all the sources included in Other revenue, philanthropy has often served an important role in charter school financing to narrow the equity gap. As Figure 8 below indicates, Other revenues for Idaho’s charters did not keep pace to fill this role.

Figure 8



Across the board, districts and charter schools had total losses in Other revenues. Statewide, charters came close to meeting FY03 Other revenue levels but fell short by 3.8 percent or \$17 per student. Boise charters, on the other hand, saw significant overall losses in Other dollars of 56.2 percent between FY03 and FY11, which amounted to \$460 per pupil. Unlike charters, statewide districts and Boise school district generated their highest levels of Other dollars in FY07 (\$502 and \$630 per pupil, respectively), and then Other revenues dropped below FY03 values in FY11. Over the FY03 to FY11 timespan, districts statewide lost 30.0 percent in Other dollars, and Boise district schools saw losses of 14.4 percent per pupil.

Changes in Funding Results

Figure 9 shows the percentage increase/decrease in funding between FY03 and FY11 by each type of revenue stream.

Figure 9

ID	Per Pupil Revenue -- Inflation Adjusted -- Over Time				
	Percentage Increase / Decrease (black shading)				
From/To: FY2003 / FY2011	Federal	State	Local	Other	Total
Statewide District (D)	32.2%	-4.9%	-33.3%	-29.9%	-10.2%
Statewide Charter (C)	1.4%	-10.5%	N/A	-3.9%	-9.1%
Boise School District-D	53.8%	10.8%	-34.7%	-14.3%	-10.1%
Boise School District-C	-35.0%	-19.5%	N/A	-56.3%	-25.7%

Districts and charter schools across the state experienced total funding losses between FY03 and FY11, with Boise charters leading the pack with a 25.7 percent loss. The only actual increases in revenues over this timeframe were in Federal dollars statewide and for district schools in Boise, and Boise school district also recorded a 10.8 percent increase in State revenues. Federal increases were substantial, as they have been in many states due to the infusion of Federal stabilization dollars, for school districts statewide (32.2%) and for Boise (53.8%). Charter schools statewide saw a small increase of 1.4 percent in Federal dollars.

Figure 10

ID	Disparity as Percent of District -- Over Time		
	Negative Disparities Mean Districts Receive More (red text)		
Focus Area	FY2003	FY2007	FY2011
Statewide	-23.0%	-24.5%	-22.2%
Boise School District	-30.6%	-35.4%	-42.7%

Figure 10 indicates changes to the variance in funding between Idaho’s districts and charter schools for FY03, FY07 and FY11. The variance represents the difference in funding between a district and the charters located within the boundaries of the district. When the percentage nears or is at zero, the district and the charters are being funded equitably. As evidenced by Figure 10, the FY11 statewide disparity is down by 2.3 percent from FY07 levels and by 0.8 percent from FY03. The disparity for Boise, however, soared in the opposite direction and topped out at 42.7 percent from a starting point of 30.6 percent in FY03, a jump of 12.1 percent.

Select Enrollment Characteristics¹³

The chart below shows data for both charter and district school demographics. We include these data, if available, to look at possible differences in the types of students served to discern if high-need student populations may be resulting in higher levels of funding for either charter or district schools.

Figure 11

ID	Select Enrollment Characteristics								
	Student Group >>>	Percentage of Total Enrollment							
		Free & Reduced Lunch			Title I			Special Education	
Year >>>	FY03	FY07	FY11	FY03	FY07	FY11	FY03	FY07	FY11
Statewide District	N/A	38.3%	46.7%	N/A	68.5%	78.9%	N/A	N/A	N/A
Statewide Charter	N/A	N/A	15.2%	N/A	46.7%	60.5%	N/A	N/A	N/A

As explained in the endnotes below, NCES figures for charter school free or reduced-price lunch (F&RPL) data are unreliable given that 21 charters have no data reported. Given the higher percentages of Title I charter schools,

the actual numbers of free or reduced-price lunch students served are likely much higher. NCES data shows 18.4 percent more Title I district schools than charter schools, which likely results in somewhat higher Federal funding for district schools.

Funding Practices Summary

We have assigned ratings to each state based on the quality of the data available, as well as the extent to which charter schools have access to specific streams of revenue (Figure 12).

Figure 12

Funding Practices Summary									
ID	PURPOSE	GRADE			FUNDING				REF
		FY2003	FY2007	FY2011	Federal Source	State Source	Local Source	Facilities Source	
	This table summarizes answers to key funding mechanism questions in context with a grade based on actual funding results.	D	D	F					
		Grade based on % of Actual Funding Disparity							
ACCESS TO FUNDING SOURCES									
	Do charter schools have access to this funding source according to state statutes?	Yes	Yes	No	Yes			1	
	In practice, do charter schools have at least as much access to this funding source as districts have?	No	Yes	No	No			2	
	Do charter school students receive at least 95% as much per pupil in revenue for this source as district students?	No	Yes	No	No				
DATA AVAILABILITY									
	Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for district schools?						Yes		
	Does the state provide reasonable access to detailed public data on federal, state, local, and other revenues for charter schools?						Yes		
FUNDING FORMULA									
	Are charter schools treated as LEAs for funding purposes?						Yes	3	
	Does the state provide funding for charter schools and districts based primarily on student enrollment?						Yes		

1 Idaho charter schools only receive education program funding through state sources; they are not eligible for any local revenues raised by school districts. Beginning in FY14, this will change when charters gain access to a percentage of the average capital levies from school districts.

2 For FY11, state statute gives charter schools access to facilities funds if school districts agree to include them in a bond referendum, which is not common.

3 Charter schools authorized by a local school district can apply for district status. However, during FY11, 26 charter schools were independent LEAs, and the 14 district-authorized charter schools were not.

Endnotes

- 1 Detailed accounts of FY11 total revenue data and enrollments for both districts and charter schools were provided by the Idaho State Department of Education. Bond financing, transfers, adult education and PreK revenues were removed from totals. Any revenues Idaho codes as Local but are non-tax revenues were classified as Other for the purposes of consistency across all states and the evaluation of public versus non-public revenues in this study.
- 2 The 40 charter schools included in this analysis were the charter schools with financial data on file at the SDE.
- 3 Ferguson, Michael. "Idaho Public School Funding – 1980 to 2013." Idaho Center for Fiscal Policy. <http://idahocfp.org/wp-content/uploads/2012/04/Idaho-Public-School-Funding-1980-to-2013.pdf>.
- 4 "Idaho General Fund Revenue, History and Projections." Idaho Division of Financial Management, January 2011.
- 5 Hill, Tim. "Idaho Public School Funding." Idaho State Department of Education: <http://www.sde.idaho.gov/site/superintendentMeeting/Pres/Public%20School%20Finance%20Overview/Funding%20Formula%20FY12,%20Tim%20Hill.pdf>
- 6 Ferguson, Michael. "Idaho Public School Funding – 1980 to 2013." Idaho Center for Fiscal Policy. <http://idahocfp.org/wp-content/uploads/2012/04/Idaho-Public-School-Funding-1980-to-2013.pdf>.
- 7 Chapter 52, Title 33, Idaho Code.
- 8 The law now permits district authorized charter schools to apply for LEA status.
- 9 Chapter 9, Title 33, Idaho Code.
- 10 "Idaho to Dedicate Funding for Charter Facilities, Require Authorizer Fees and Performance Contracts." National Charter School Resource Center, April 25, 2013. <http://www.charterschoolcenter.org/news/idaho-dedicate-funding-charter-facilities-require-authorizer-fees-and-performance-contracts>.
- 11 Ash, Katie. "Idaho Charters Receive Facilities Funding From State." *Education Week's Charters & Choice*, April 1, 2013.
- 12 Data for FY03 compiled by the authors for the Thomas B. Fordham Institute report, *Charter School Funding: Inequity's Next Frontier*, 2005. Data for FY07 compiled by the authors for the Ball State University Report, *Charter School Funding: Inequity Persists*, 2010.
- 13 National Center for Educational Statistics (NCES). Common Core of Data, Table Generator, FY11: <http://nces.ed.gov/ccd/elsi/>. NCES tables had six charter schools with no data, which were eliminated from calculations. In addition, free or reduced-price lunch figures are not reliable given that 21 charter schools had no reported data.