

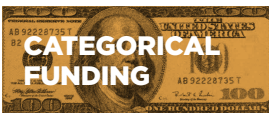
Idaho School Finance: How it works

Idaho is one of only a handful of states that employs a **resource-based funding formula**. This means that dollars are allocated based on inputs rather than students.



63%¹

Most state dollars are allocated based on ratios of teachers, administrators, and support staff.



15%

Dollars are allocated through 26 allotments for purposes such as professional development, technology, and drug-free schools.



22%

Remaining state dollars are distributed as discretionary funds.

THE PROBLEM?

About 65% of operating dollars² have limited or no flexibility in how they're used.

This top-down, one-size-fits-all approach precludes district and school leaders from customizing spending to serve local needs.

Less than 3% of operating dollars are allocated based on students.

Districts with less-experienced staff are short-changed, and funding is disconnected from student need as a result.

SOLUTION: STUDENT-CENTERED FUNDING

Idaho should streamline its education funding into a weighted-student formula that allocates dollars based on local students' needs. Policymakers can customize a formula by applying the following principles:

Keep it simple

Generally, it is best to employ a straightforward formula that targets funding effectively. Most dollars should flow through a foundational allotment, and Idaho should move away from using Average Daily Attendance to calculate funding.

No strings attached

Dollars should be delivered as unrestricted revenue so that district leaders are empowered to make spending decisions.

Be strategic

Weighted-student categories should be selected based on a state's unique needs, accounting for things such as student demographics and current performance levels. For example, some states provide weights for characteristics such as low income, English language learners, and special education.

Consider all funding

Policymakers should aim to allocate all or nearly all dollars through a weighted-student formula.

RESOURCE-BASED FUNDING	STUDENT-CENTERED FUNDING
Funding is based on programs and resources	Funding is based on student enrollment
Funding accounts for district inputs	Funding accounts for student needs
Dollars have strings attached	Dollars are flexible
Requires a compliance mindset	Encourages a strategic mindset
Local property wealth affects funding levels	Funding has little relation to property wealth
Important financial data are difficult to obtain	Robust financial transparency

In 2013, California eliminated over **30 categorical allotments³** and transitioned to weighted-student funding. Research has given this reform high marks. For example, in a survey of superintendents, 82% agreed that it is leading to greater alignment among goals, strategies, and resource allocation decisions.



CONTACT

Aaron Smith
Director of Education Reform
Reason Foundation
aaron.smith@reason.org

Christian Barnard
Policy Analyst
Reason Foundation
christian.barnard@reason.org

Satya Marar
Policy Analyst
Reason Foundation
satya.marar@reason.org

1. "Public School Foundation Program." Idaho State Department of Education. 12 May 2020.
2. Estimates are based on Reason Foundation's analysis of 2019-20 school finance data.
3. For a summary of California's transition and an overview of related research see Aaron Garth Smith. "California's Local Control Funding Formula Provides a Model For K-12 School Finance Reform." Reason.org. 5 May 2020.