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.

THE PROBLEM?

About 65% of operating dollars 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.

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.

No strings attached
Dollars should be delivered as unrestricted revenue so that district leaders are empowered to make spending decisions.

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

RESOURCES-BASED FUNDING

- Funding is based on programs and resources
- Funding accounts for district inputs
- Dollars have strings attached
- Requires a compliance mindset
- Local property wealth affects funding levels
- Important financial data are difficult to obtain

STUDENT-CENTERED FUNDING

- Funding is based on student enrollment
- Funding accounts for student needs
- Dollars are flexible
- Encourages a strategic mindset
- Funding has little relation to property wealth
- Robust financial transparency

In 2013, California eliminated over 30 categorical allotments 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.

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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.