

The 1996 One Percent Initiative

Idaho Public School Override Levies Redistributed

by

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What would happen to Idaho's public school funding if current local school money (\$228 million) were returned to the school districts through the state funding formula? This is one of the questions facing the Idaho legislature from the 1996 One Percent Initiative if the state becomes responsible for all public school support. This study addresses that question.

According to the Idaho State Tax Commission and the Attorney General, the 1996 One Percent Initiative would result in the transfer of \$228 million of local public school funding to state responsibility. Attorney General Lance has determined that the state would be responsible for currently local funded maintenance and operation revenues (\$126 million), supplemental overrides (\$50 million), Boise charter funds (\$23 million), facilities not on bonds (\$19 million), and other (\$10 million). This study applies the current state funding formula to the major components of the \$228 million.

The \$126 million in maintenance and operation revenues raised locally are already equalized by the state funding formula. The results from this study show that the state school funding formula reduced the state money to property-rich districts by \$30 million and increases its support to property-poor districts by an equivalent amount. Therefore, state responsibility of local maintenance and operation revenues would add \$126 million to state expenditures but would not change the amount local districts received under the formula. There is one exception-Blaine county, which is addressed later.

However, there are \$51 million in supplemental override revenues that are not equalized by the state funding formula. What if they were? Of the 112 school districts in Idaho, five of them have permanent supplemental override levies (Boise, Blaine county, Lewiston, Moscow, and Mullan). Thirty-nine other school districts have temporary supplemental overrides. This research found that if all supplemental overrides were passed through the current state school funding formula, \$22 million would be transferred from the 44 school districts with overrides to the remaining 68.

Specifically, the big winners in this transfer of override money could be the school districts of Meridian (\$3.7 million), Nampa (\$1.7 million), Bonneville (\$1.6 million), Twin Falls (\$1.4 million) and Bonner county (\$1.3 million). The school districts that could lose money from their supplemental overrides are Lewiston (\$6.9 million), Boise (\$5.5 million), Moscow (\$4.0 million), Idaho Falls (\$3.2 million), and Coeur d'Alene (\$1.3 million).

There is also the issue of the Boise charter district. Charter districts are school districts in existence before Idaho was a state. These districts have a type of home rule that other school district in the state do not enjoy. There are three charter districts in Idaho including Boise and Lewiston. Boise alone has used its charter district status to set its maintenance and operation levy above the .3% maximum rate set by the state legislature. Boise's charter district levy is an additional .32% and raises \$23 million for Boise school district.

If this \$23 million in Boise charter district funds were redistributed through the current state school funding formula, Boise would lose \$21 million. This \$21 million would be distributed on a classroom unit basis to the other 111 school districts in the state. In total, with the \$5.5 million override loss, Boise could have lost as much as \$26 million from its FY 1996 budget.

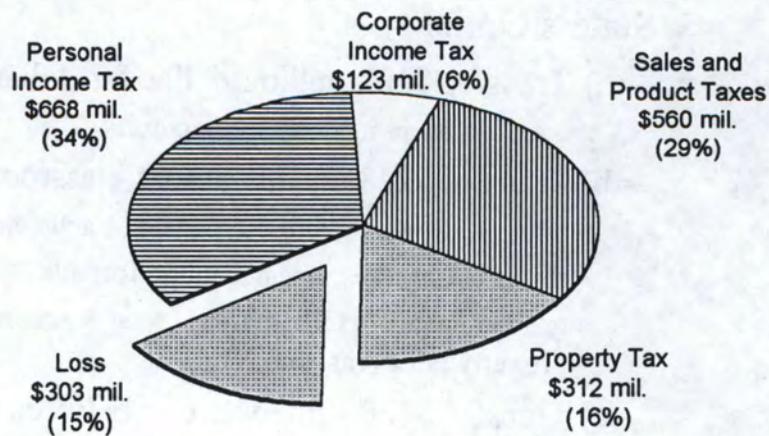
Finally, there is the case of Blaine county. Because its' tax base of about \$3 billion is so high on a classroom unit basis, Blaine county's locally generated maintenance and operation revenues would be equalized by reducing them \$2.4 million, if these local revenues become the responsible of the state. Thus Blaine county would lose \$2 million from its override levies and \$2.4 million from its maintenance and operation revenues for a total \$4.4 million reduction.

In summary, the state's public school funding formula equalizes local maintenance and operation revenues by \$30 million currently. If the One Percent Initiative passes and/or the state assumes complete responsibility for public school funding, the state legislature could reallocate previously provided local funds using the state funding formula. Using the state funding formula would equalize supplemental overrides by \$22 million, the Boise charter district revenues by \$21 million, and the Blaine county maintenance and operation revenues by \$2.4 million. A totally equalized public school funding system in Idaho in FY 1996 would have required about a \$75 million transfer of revenues between school districts. Currently only about \$30 million or 40% of this amount is redistributed. If the \$228 in local public school revenues in FY 1996 were put through the Idaho school funding formula, there would have been about an additional \$45 million redistribution of funds between school districts.

1996 One Percent Initiative: ID School Override Levies Redistributed?

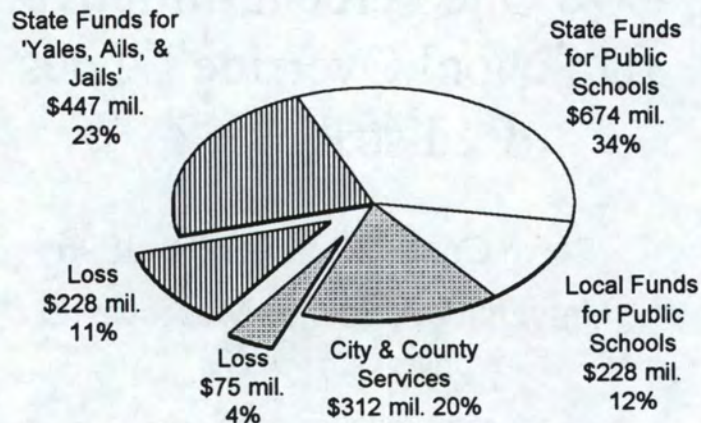
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Idaho State & Local Public Revenues with 1%: FY 1996



Impact of 1% Initiative = -\$303 million

Idaho State & Local Public Expenditures with 1%: FY 1996



State & Local Expenditures = \$1.96 billion

One Percent & Issues re. State Funding of Public Schools

◆ State's Options

- a) Transfer \$228 million dollar-for-dollar
 - » issue: locks in inequity in perpetuity
- b) Transfer \$228 equally across classroom units
 - » issue: rewards laggards & penalizes achievers;
 - » the effect of the current funding formula
 - » growing cities & tourist areas (west & urban) to property poor (east and rural)
- c) Transfer \$228 somewhere in between a) & b)
 - » issue: less than perfectly equitable, what criteria?

Idaho's Public Education Funding: FY 1996

Category	\$ million	%
M & O (.3%)	\$126.0	14.2
Overrides	50.5	5.7
Boise Charter*	23.0	2.6
Facilities	18.5	2.1
Emergency	5.3	0.6
Insurance, etc	4.5	0.5
T. Local K-12	227.8	25.7
T. State K-12	659.9	74.3
T. Public Ed.	887.7	100.0

Source: 1996 Idaho Legislative Fiscal Report and Idaho State Tax Commission data
* \$23 million raised by .32% rate for M&O beyond the .3% limit in Boise under Charter district status.

Public School M & O Funding, State Distribution: FY 1996

◆ Funding Formula	◆ Value
- Local M & O Revenue	- a. \$126 million
- Mkt. Value of Property	- b. \$42 billion
- M & O Rate	- c. .30% (a/b)
- Classroom Units (CU)	- d. 12,006 CU
- Property Value/CU	- e. \$3.5 mill./CU (b/d)
- M & O Rev./CU	- f. \$10,500/CU (c*e)
- Boise District (Actual)	- g. \$21.8 mil (.3% rate)
- Boise District (Equil.)	- h. \$13.1 mil = 1,248CU * \$10,500/CU
- State transfer	- i. (\$8.7 mil) (h-g)

Public School M & O Funding & State Distribution: FY 1996

Sch. Dist. Category	Local Contribution	State Equalization	Transfer
B>1,R>1	\$ 30,122,315	\$ 18,065,955	\$(12,056,359)
B>1,R<1	\$ 39,374,964	\$ 21,446,037	\$(17,928,927)
B<1,R>1	\$ 14,880,136	\$ 22,634,684	\$ 7,754,548
B<1,R<1	\$ 41,692,626	\$ 63,923,346	\$ 22,230,720
Base>1	\$ 69,497,279	\$ 39,511,993	\$(29,985,286)
Base<1	\$ 56,572,761	\$ 86,558,030	\$ 29,985,268
Total	\$ 126,070,040	\$ 126,070,023	\$ (18)

B: Property Tax Base (Base relative to the state average assessed value / classroom unit)

R: Property Tax Rate (Rate relative to the state average)

Data: Idaho School Funding Formula, Division of Financial Management, Office of Governor

Public School M & O Funding & State Distribution in Idaho: '96

Sch. Dist. Category	Class rooms	Local Contribution	State Equalization	Transfer
B>1,R>1	14%	24%	14%	-40%
B>1,R<1	17%	31%	17%	-60%
B<1,R>1	18%	12%	18%	26%
B<1,R<1	51%	33%	51%	74%
Base>1	31%	55%	31%	-100%
Base<1	69%	45%	69%	100%
Total	100%	100%	100%	0%

B: Property Tax Base (Base relative to the state average assessed value / classroom unit)

R: Property Tax Rate (Rate relative to the state average)

Data: Idaho School Funding Formula, Division of Financial Management, Office of Governor

Public School M & O and State School Distribution in Idaho: '96

	Above Avg. Base/CU (\$ mil. transferred)		Below Avg. Base/CU (\$ mil. transferred)	
Above Avg. Rates	Boise*	(\$8.7 mil.)	Pocatello	\$2.5 mil.
	Lewiston	(\$2.5 mil.)	ID Falls	\$1.6 mil.
	Moscow	(\$0.4 mil.)	Blackfoot	\$1.3 mil.
	Total	(\$11.6 mil.)	Total	\$5.4 mil.
Below Avg. Rates	Blaine Co**	(\$6.5 mil.)	Bonneville	\$2.2 mil.
	Coeur d'A	(\$3.5 mil.)	Meridian	\$1.7 mil.
	Bonner Co.	(\$2.7 mil.)	Nampa	\$1.4 mil.
	McCall	(\$2.0 mil.)	Jefferson	\$1.2 mil.
	Total	(\$14.7 mil.)	Total	\$6.5 mil.

†Data Idaho Public School Funding Formula applies to the FY 1996 local M&O funding except for Boise's where M&O rate was reduced to .3% for comparability with other districts

** Blaine Co. m&o is assumed to be adjusted to be within the statewide average of support in that category after equalization.

Public School Override Funding & 1% Redistribution: FY 1996

◆ Funding Formula	◆ Value
– Local Ov'ride Revenue	– a. \$50.5 million
– Mkt. Value of Property	– b. \$42 billion
– Override Rate	– c. .12% (a/b)
– Classroom Units (CU)	– d. 12,006 CU
– Property Value/CU	– e. \$3.5 mil./CU (b/d)
– Override Rev./CU	– f. \$4,202/CU (c*e)
– Moscow Dist. (Actual)	– g. \$ 4.546 mil.
– Moscow Dist. (Equil.)	– h. \$ 0.538 mil. = 128CU * \$4,202/CU
– State Transfer	– i. (\$4.008 mil.) (h-g)

Public School Override Levies & 1% Redistribution in Idaho: '96

Sch. Dist. Category	Local Contribution	State Equalization	Transfer
B>1,R>1	\$ 24.1 mil.	\$ 7.2 mil.	\$ (16.8 mil.)
B<1,R>1	\$ 14.0 mil.	\$ 9.1 mil.	\$ (5.0 mil.)
B>1,R<1	\$ 8.6 mil.	\$ 8.6 mil.	\$ 0.0 mil.
B<1,R<1	\$ 3.7 mil.	\$ 25.6 mil.	\$ 21.8 mil.
Rate>1	\$ 38.1 mil.	\$ 16.3 mil.	\$ (21.8mil.)
Rate<1	\$ 12.4 mil.	\$ 34.2 mil.	\$ 21.8 mil.
Total	\$ 50.5 mil.	\$ 50.5 mil.	\$ 0.0 mil.

B: Property Tax Base (Base relative to the state average assessed value / classroom unit)

R: Property Tax Rate (Rate relative to the state average)

Data: Idaho School Funding Formula, Division of Financial Management, Office of Governor

Public School Override Levies & 1% Redistribution in Idaho: '96

Sch. Dist. Category	Class rooms	Local Contribution	State Equalization	Transfer
B>1,R>1	14%	48%	14%	-79%
B<1,R>1	18%	28%	18%	-21%
B>1,R<1	17%	17%	17%	0%
B<1,R<1	51%	7%	51%	100%
Rate>1	32%	76%	32%	-100%
Rate<1	68%	24%	68%	100%
Total	100%	100%	100%	0%

B: Property Tax Base (Base relative to the state average assessed value / classroom unit). R: Property Tax Rate (Rate relative to the state average)

Data: Idaho School Funding Formula, Division of Financial Management, Office of Governor

Public School Override Levies* & 1% Redistribution in ID: '96

	Above Avg. Base/CU (\$ mil transferred)	Below Avg. Base/CU (\$ mil transferred)
Above Avg. Rates	Boise* (\$26.1 mil)	Pocatello (\$0.6 mil)
	Lewiston (\$6.9 mil)	ID Falls (\$3.2 mil)
	Moscow (\$4.0 mil)	Blackfoot (\$0.1 mil)
	Total (\$37.0 mil)	Total (\$3.9 mil)
Below Avg. Rates	Blaine Co** (\$4.4 mil)	Bonneville \$1.6 mil
	Coeur d'A (\$1.3 mil)	Meridian \$3.7 mil
	Bonner Co. \$1.3 mil	Nampa \$1.7 mil
	McCall \$0.3 mil	Jefferson \$0.8 mil
	Total (\$4.1 mil)	Total \$7.8 mil

*Data Idaho Public School Funding Formula applies to the FY 1996 local M&O funding except for Boise's where M&O rate was reduced to .3% for comparability with other districts
** Blaine Co. m&o is assumed to be adjusted to be within the statewide average of support in that category after equalization.

Public School Charter Funding & 1% Redistribution: FY 1996

◆ Funding Formula	◆ Value
– Boise Charter Revenue	– a. \$23.1 million
– Mkt. Value of Property	– b. \$42 billion
– Boise Charter Rate	– c. .055% (a/b)
– Classroom Units (CU)	– d. 12,006 CU
– Property Value/CU	– e. \$3.5 mil./CU (b/d)
– B. Charter Rev./CU	– f. \$1,923/CU (c*e)
– Boise Dist. (Actual)	– g. \$23.1 mil.
– Boise Dist. (Equil.)	– h. \$2.4 mil. = 1248CU * \$1,923/CU
– State Transfer	– i. (\$21 mil.) (h-g)

Boise School Dist. Charter Levy & 1% Redistribution in Idaho:'96

Sch. Dist. Category	Local Contribution	State Equalization	Transfer
Boise	\$ 23.1 mil.	\$ 2.4 mil.	(\$20.7) mil.
Not Boise	\$ 0.0 mil.	\$ 20.7 mil.	\$ 20.7 mil.
Total	\$ 23.1 mil.	\$ 23.1 mil.	\$ 0.0 mil.

Data: M&O money raised in Boise by the .32% rate above the .3% cap justified on the basis of Charter district status, FY 1996. Idaho School Funding Formula, Division of Financial Management, Office of Governor

Blaine Co.'s Public Education Funding: FY 1996 with 1%

Category	\$ million	W. 1%	% ch.	\$ ch.
M & O (.3%)	\$8.0	\$5.6	-30%	(\$2.4)
Overrides	\$2.6	\$.6	-77%	(\$2.0)
Boise Charter*	-	\$.3	-	\$.3
Facilities	-	-	-	-
Emergency	-	-	-	-
Insurance	\$.05	\$.05	0%	\$0
Local K-12	\$10.6	-	-100%	-
State K-12	\$2.8	\$2.8	0%	\$0
Public Ed.	\$13.4	\$9.3	-31%	(\$4.1)

Source: 1996 Idaho Legislative Fiscal Report and Idaho State Tax Commission data
* \$23 million raised by .32% rate for M&O beyond the .3% limit in Boise under Charter district status.

Boise's Public Education Funding: FY 1996 with 1%

Category	\$ million	W. 1%	% ch.	\$ ch.
M & O (.3%)	\$21.8	\$21.8	0%	\$0
Overrides	\$10.8	\$5.2	-52%	(\$5.6)
Boise Charter*	\$23.1	\$2.4	-90%	(\$20.7)
Facilities	-	-	-	-
Emergency	-	-	-	-
Insurance, etc	\$0.3	\$0.3	0%	\$0
T. Local K-12	\$55.9	-	-100%	-
T. State K-12	\$63.1	\$63.1	0%	\$0
T. Public Ed.	\$119.1	\$92.8	-22%	(\$26.3)

Source: 1996 Idaho Legislative Fiscal Report and Idaho State Tax Commission data
 *\$23 million raised by .32% rate for M&O beyond the .3% limit in Boise under Charter district status.

Lewiston's Public Education Funding: FY 1996 with 1%

Category	\$ million	W. 1%	% ch.	\$ ch.
M & O (.3%)	\$5.1	\$5.1	0%	\$0
Overrides	7.9	\$1.0	-87%	(\$6.9)
Boise Charter*	-	\$.5	-	\$.5
Facilities	-	-	-	-
Emergency	-	-	-	-
Insurance, etc	.07	.07	0%	\$0
Local K-12	\$13.1	-	-100%	-
State K-12	\$10.8	\$10.8	0%	\$0
Public Ed.	\$23.9	\$17.5	-27%	(\$6.4)

Source: 1996 Idaho Legislative Fiscal Report and Idaho State Tax Commission data
 *\$23 million raised by .32% rate for M&O beyond the .3% limit in Boise under Charter district status.

Moscow's Public Education Funding: FY 1996 with 1%

Category	\$ million	W. 1%	% ch.	\$ ch.
M & O (.3%)	\$1.8	\$1.8	0%	\$0
Overrides	\$4.5	\$.5	-88%	(\$4.0)
Boise Charter*	-	\$.2	-	\$.2
Facilities	-	-	-	-
Emergency	-	-	-	-
Insurance	\$.1	\$.1	0%	\$0
Local K-12	\$6.4	-	-100%	-
State K-12	<u>\$7.0</u>	<u>\$7.0</u>	<u>0%</u>	<u>\$0</u>
Public Ed.	\$13.4	\$9.6	-28%	(\$3.8)

Source: 1996 Idaho Legislative Fiscal Report and Idaho State Tax Commission data
* \$23 million raised by .32% rate for M&O beyond the .3% limit in Boise under Charter district status.

1% Initiative & ID Public School Funding Redistribution: FY1996

◆ Category of funding	◆ Amount of transfers
– Maintenance and Operation	– \$30 million
– Supplemental Overrides	– \$22 million
– Boise charter levy	– \$21 million
– Blaine co. M & O	– \$ 2.4 million
◆ Total transfers w/o 1%	◆ \$30 million
◆ Total transfers w/ 1%	◆ \$75 million
◆ Difference w/ 1%	◆ \$45 million