

# Shifting Sands

## Idaho's Changing Student Demographics and What it Means for Education

August 2014

A report prepared by ECONorthwest for the J.A. and Kathryn Albertson Foundation and the Idaho Charter School Network.



Idaho Charter School Network

J.A. AND KATHRYN  
ALBERTSON  
FOUNDATION

A decorative black flourish or signature line is positioned below the text of the J.A. and Kathryn Albertson Foundation logo.

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Matthew Kitchen prepared this report. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

ECONorthwest gratefully acknowledges the substantial assistance provided by staff at the Idaho State Department of Education.

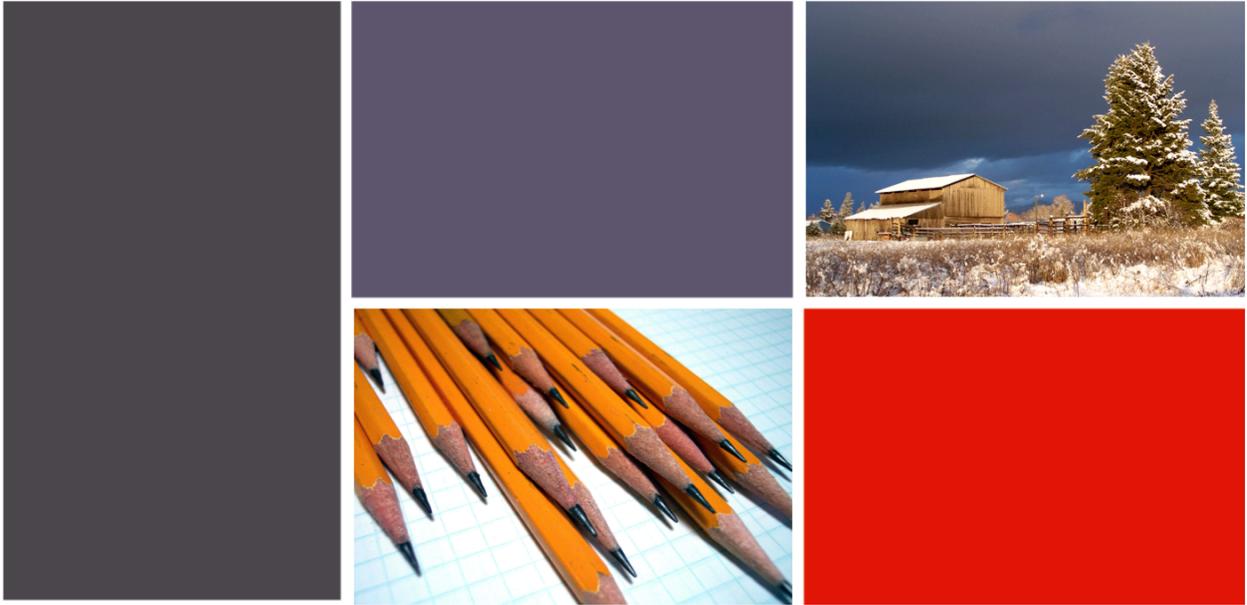
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## Background and Purpose

ECONorthwest completed this project under contract to J.A. and Kathryn Albertson Foundation and under guidance of the Idaho Charter School Network. The purpose of this study is to better understand future opportunities for charter schools to meet the changing educational needs of students throughout the Gem State. While the report is intended to support strategic planning for the future growth of Idaho's charter sector, much of the information contained herein is relevant to broader purposes. In particular, information about the expected changes in school-age populations will be of interest to all those educators, policy makers and legislators working to provide quality schooling for Idaho's children.

The Foundation and the Network asked ECONorthwest to provide a near-term projection of the school-age population across Idaho and assemble information about existing school enrollment, student performance, and other information relevant to new school growth and expansion.

This report examines a range of conditions in Idaho that are relevant to the formation and expansion of high-quality charter school. It is not an exhaustive study of charter school characteristics or performance, but rather is a focused effort to understand those factors that meaningfully influence the supply and demand for education services. Questions tackled here include:

- What are the general growth trends for the population of school-age children across Idaho?
- Where is growth in school-age population likely to be located over the next 5 years?
- Where are traditional district schools least likely to be on a path toward improvement?
- Where is the human capital available to support the development of new charter schools?
- What is the funding environment in which charter schools must operate?

Data availability is always a constraining factor in market studies. For this effort we did not engage in any primary data collection but rather relied upon available secondary sources. Much of the data on Idaho schools, students and staff is available from the Idaho State Department of Education. Other information was sourced from the National Center for Education Statistics and the Census Bureau. For projections of population and components of population changes we employed a well-established approach that makes use of projection data through 2019 made available through the Nielson Company. These projections are the most important aspect of the market study and as such we the report them up front in the report.

Throughout we have identified our sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECONorthwest has made every effort to check the reasonableness of the data and assumptions. ECONorthwest acknowledges that any projection of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail. The contents of this document do not necessarily reflect views or policies of the J.A. and Kathryn Albertson Foundation or the Idaho Charter School Network.

We gratefully acknowledge the assistance of the many individuals who provided us with information and insight, but emphasize that we, alone, are responsible for the report's contents. We have prepared this report based on our general knowledge of market research and information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not verified the accuracy of such information, however, and makes no representation regarding its accuracy or completeness. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

## Foreword

By Terry Ryan and Matthew Kitchen

Since Idaho's first charters opened in 1998, over 50 of these schools have operated across the state (some have since closed). In recent years fewer new schools have been authorized to open, but the total population of charter school students has increased significantly and close to seven percent of the state's 289,000 K-12 students now attend a charter school. At the same time the Idaho State Department of Education (ISDE) reports many students on wait lists for charter schools. This begs the question of: where should charter schools open in coming years to best help meet the needs of Idaho's changing student demographics?

In Idaho, as in other states, charter schools operate under a charter agreement with an authorizing agency and are exempt from some of the state laws governing public education. The intent behind charter agreements is that charter schools will be given more autonomy with respect to matters of school operations including budget, staffing, and curriculum. In return charters are held accountable for meeting performance objectives that are set out in the charter agreement. Failing to meet performance standards set out in the school charter can, depending on specific terms of the contract, and state law governing charter school operations, lead to sanctions and ultimately the closing of a school.

Based on the intent language included in the state statute, it is clear that the goal for the establishment of Idaho charter schools is to provide new choices in school services for students, parents and school professionals. Idaho's charter school program is now well into its adolescence, and the Idaho Charter School Network is interested in understanding the dynamic environment in which these schools operate. It is critical for the charter sector to be strategic in the pursuit of new schools and expansion opportunities.

Meanwhile, other changes are afoot. To better understand changing demographics and what they might mean for education in the Gem State our two organizations teamed up, with grant support from the J.A. and Kathryn Albertson Foundation, to organize and lead an investigation of the state's changing student demographics. Specifically, we wanted to see what population and household projections for the period 2014-19 would show and what this would mean for charter schools and Idaho's school districts. The primary finding from this study is that the state's student population will undergo significant changes in coming years. Population and household projections indicate that the future school-age population will be increasingly urban, more racially diverse and from lower income households. These trends will present challenges for many districts. Many rural districts will

Charter school authorizing legislation included a statement of intent. {Idaho Code § 33-5202}

*It is the intent of the legislature to provide opportunities for teachers, parents, students and community members to establish and maintain public charter schools which operate independently from the existing traditional school district structure but within the existing public school system as a method to accomplish any of the following:*

- (1) Improve student learning;*
- (2) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students;*
- (3) Include the use of different and innovative teaching methods;*
- (4) Utilize virtual distance learning and on-line learning;*
- (5) Create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site;*
- (6) Provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system;*
- (7) Hold the schools established under this chapter accountable for meeting measurable student educational standards.*

continue to lose students while more urban districts will struggle to meet growing enrollments. And Idaho's schools will need to adapt to the changing needs of their student populations. Considerable additional details with respect to population and household change are included in the main body of this document and a technical background report.

Some high-level findings from the population and household projections for the period 2014-2019 follow:

- Idaho's school-age population has been getting increasingly diverse in terms of racial composition. This trend is expected to continue.
- The Hispanic school-age demographic is expected to be the fastest growing group.
- School-age population is expected to see a net increase in the 15-17 age group, but declines in both the 5-9 and 10-14 age groups.
- Change varies greatly across the state. Census tracts that are projected to have a decline in student-age population are mostly in non-urban areas, while census tracts that are projected to have a total increase in school-age population are in a select few urban areas.
- There will be an addition of approximately 23,500 new households.
- The state is expected to see net growth in lower income households and net declines in households with incomes above \$50,000.
- Much of the state is projected to see an increase in the share of households with an income of less than \$25,000. The exceptions are in a handful of urban areas where there are projected to be declines in the share of households with incomes of less than \$25,000.

In order to gain insights into how charter schools in Idaho can continue to add value and better serve the state's families we examined a wide variety of other data sources on district and charter school enrollments, attendance, performance, staffing, and funding. Key findings include:

- Charter schools account for a steadily growing number of the state's K-12 students.
- Charter Schools serve a less diverse population of students than district run schools, but these numbers are narrowing.
- Idaho's student population growth is slowing, with many rural districts seeing a decline in student numbers.
- Some districts struggle with disproportionately low attendance rates.
- There are schools scattered across the state that struggle to educate students to reading and math standards. The problem is especially acute for 8<sup>th</sup> grade math, a key gateway to college and career readiness standards.
- In the aggregate, statewide reading and math scores are similar for charter and district students. But there is more variation within the charter sector – with some high-flyers and low-performers.
- As with the US as a whole, Idaho's teachers and administrators are getting older.
- State funding rules protect low enrollment districts, placing many charter schools at a disadvantage, especially those that are adding students.
- Per pupil expenditures for districts and charter schools with larger enrollments is less than that for smaller schools and districts.
- Increased reliance upon supplemental levies to fund district operations coincides with changes in state funding for education. Charter schools do not have this option.
- Not all parts of the state have equal capacity for local funding, the value of property on a per student basis varies widely from district to district.

- The variation in district expenditures per student is now more closely tied to the value of property within the district, and less tied to state funding allocations.
- The share of expenditures on maintenance and operations that comes from state funds is 80 percent for district-operated schools and 94 percent for charter schools.

For Idaho’s charter schools to best meet the needs of the state’s changing demographics and education landscape, the sector needs to grow in ways that are strategic and targeted to the state’s high demand markets and to its neediest students. For this to happen charter school providers, authorizers and state policy-makers should consider the following:

1. **Growing the Urban Market.** Idaho’s urban areas are adding students fast. School districts in these areas can’t add new buildings quickly enough. These are the areas where some of the state’s current high-performing schools operate. These schools should be encouraged to expand their market share through strategies like incubation and the development of charter school management organizations.
2. **Tackling the Rural Challenge.** Significant parts of Idaho will see a continued decline in student enrollment. This may necessitate the consolidation of school programs, or developing alternative means of serving a spatially distributed student base. Charter school programs should work with rural districts and other education providers to help meet these needs. Charter schools could also serve rural educational needs through high quality, effectively designed and administered online programs. There may be a role for charter management organizations (with strong involvement from community partners) in terms of serving a multi-district regional market. Rural districts may face challenges associated with adequate staffing and provision of services for special needs populations. The kind of cooperative agreements and use of remote service delivery models that are sometimes used by charter school programs could offer alternatives to traditional methods of serving kids with demands beyond the core school services. Sharing resources and talent, as opposed to consolidating districts, may prove a better strategy for delivering efficiency while preserving local community involvement in its schools.
3. **Responding to the Dynamics of Growth.** The changing age distribution of Idaho students will increase the near-term demands placed upon some secondary school programs only to be followed by enrollment declines in later years. Volatility in the student enrollment can present significant challenges for districts in terms of staffing and budgeting for individual school programs. It is not uncommon for charter school programs to incorporate multi-age classrooms and curricula or other strategies that respond to an age skewed population of students. The flexibility available to charter schools, in terms of curriculum, staffing, use of technology and budget development, might be put to use to design programs that respond to this volatility in the student population.
4. **Serving a More Diverse Student Body.** Charter schools in Idaho are serving a more diverse student population now than it did 5-10 years ago. But the charter sector needs to do more. The charter school student population is still less diverse in terms of race, income and special needs than the statewide population of public school students as a whole. These are the fastest growing demographic of Idaho’s K-12 students, and for charters to grow and add value they need to serve more of these students. Supports that might help make this happen include: creating a school information clearinghouse to provide all parents – not just those with the time and resources to explore choice options on their own – with easy to understand and bilingual information about schools and their programs. Charter school models with experience working with high-need students should be recruited to Idaho, and their growth and expansion supported. State funding for charters needs to be increased, or at least harmonized so that schools that grow and add students don’t see per pupil funding decline.

5. **Focusing on Attendance.** Students who attend class do better than those who don't. Unfortunately, there are parts of the state plagued by chronic low attendance rates. Charter school programs with a record of effectively targeting absenteeism in high poverty communities should be encouraged to target these areas as a way to address problems of low student achievement. As the student population in Idaho continues to change over time these kinds of schools and programs may have an increasing role in the future of Idaho's education system. Programs that charter schools have used to target absenteeism include extending the school year to better accommodate lower attendance during certain parts of the year, and having staff that repeatedly contact parents of students that are missing school to ensure better attendance.
6. **Pushing Innovation.** Charter schools have slightly more flexibility when it comes to hiring teachers and how teachers are deployed. But, more should be done. In order to allow maximum flexibility for charter schools, the legislature should consider allowing charter schools to avoid using certified teachers, especially when it comes to hard-to-staff subjects like advanced mathematics or career-tech fields like welding. Charters should also be encouraged and freed up to create "an elite corps of remote teachers." These educators could work on-line with not only charter school students but also students in the state's remotest school districts.
7. **Making School Funding Work.** Many of the service delivery challenges that will be faced in coming years by charter schools and school districts alike could be better addressed with state funding formulae that fund students and student needs rather than the current approach of funding staffing levels and staff experience.



## Population and Household Projections

To understand the market for new or expanded charter schools in Idaho it is important to recognize the population of school age children, as well this population's characteristics. Our analysis examines the population in terms of age groups and race. It also examines the composition of household income at some detail.

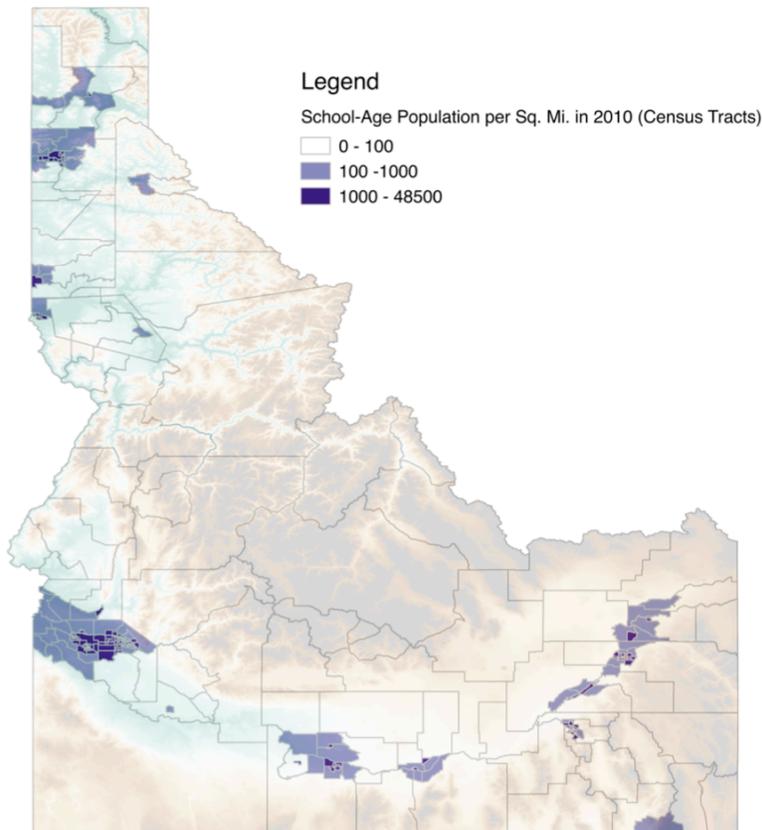
Idaho is comprised of 44 counties, 115 unified school districts, and 298 census tracts. The estimated 2014 state population is just over 1,613,000 and there are approximately 598,500 households. By 2019 the population is projected to increase by 60,000 to nearly 1,673,000, comprising close to 622,000 households. Modest growth expectations for student-age population mask demographic "churn" as well as the regional market dynamics; which are discussed later.

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**Idaho can expect an increasingly urban and racially diverse student population over the next few years.**

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**Figure 1 Idaho School-Age Population Density in 2010**



Source: ECONorthwest, U.S. Census Bureau, USGS/NASA

Idaho is a state with a rich diversity of remote natural areas, rural and agricultural communities and dynamic urban communities. The state's population, however, is increasingly concentrated in a handful of urban areas. This is also true of the school-age population. Figure 1 maps the density of school-age population in 2010. Through at least 2019, Idaho will see an increasingly urban population of school-age children.

The school-age population has been getting more racially diverse and more Hispanic (all races) since 2000. And Idaho's household incomes have been stagnant. Based on population and household projections acquired for this report from the Nielson Company, these trends are expected to continue through 2019.

**Table 1 Select Demographics: Recent Past and Near Future**

	2000	2010	2014	2019
School-Age Population				
White	88.3%	85.1%	83.3%	81.0%
Hispanic (All Races)	10.9%	16.3%	17.9%	20.1%
Household Income < \$25,000	30.3%	NA	26.2%	27.3%

Source: Nielson and ECONorthwest

## Population Projections

Over the next five years the white school-age population is projected to decline, while the school-age population for all other races will grow. The Hispanic school-age population is expected to be the fastest growing demographic group. Within the population of school-age children there are different growth dynamics associated with each age category. The school-age population is expected to age statewide, with a net increase in the 15-17 age group, and net declines in younger age groups. The changes in the racial composition of the school-age population are most pronounced in the youngest age groups. This is the result of recent and continuing household demographic changes making their way through an aging population base, and as children in newer households enter the school-age population. Table 2 below displays projected changes in population by race and age group for the period 2014-2019.

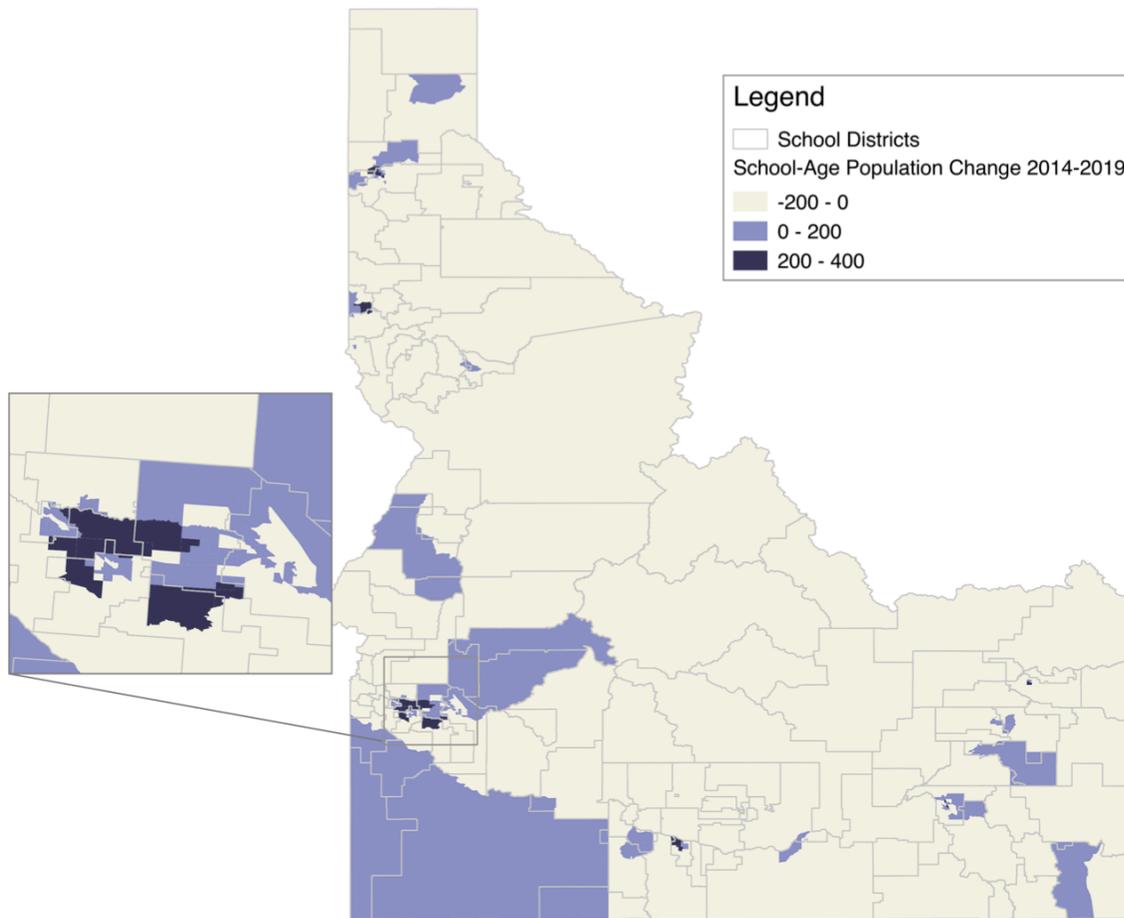
**Table 2 Idaho School-Age Population Change 2014-2019 by Age Group**

School Age Population	Ages 5-9	Ages 10-14	Ages 15-17	All (5-17)
White	-3,208	-3,896	1,092	-6,012
Non-White	1,434	1,886	1,434	4,754
Two or More Races	1,020	1,032	765	2,817
<b>All Races</b>	<b>-754</b>	<b>-978</b>	<b>3,291</b>	<b>1,559</b>
Hispanic/Latino (all races)	2,285	2,658	2,114	7,057

Source: Nielson and ECONorthwest

The net change in school-age population, however, does not tell the entire story. The population changes are more dynamic than they appear in the aggregate. Figure 2 is a map depicting changes in total school-age population by census tract.

Figure 2 State-wide Projected School-Age Population Growth by Census Tract



Source: Nielson and ECONorthwest

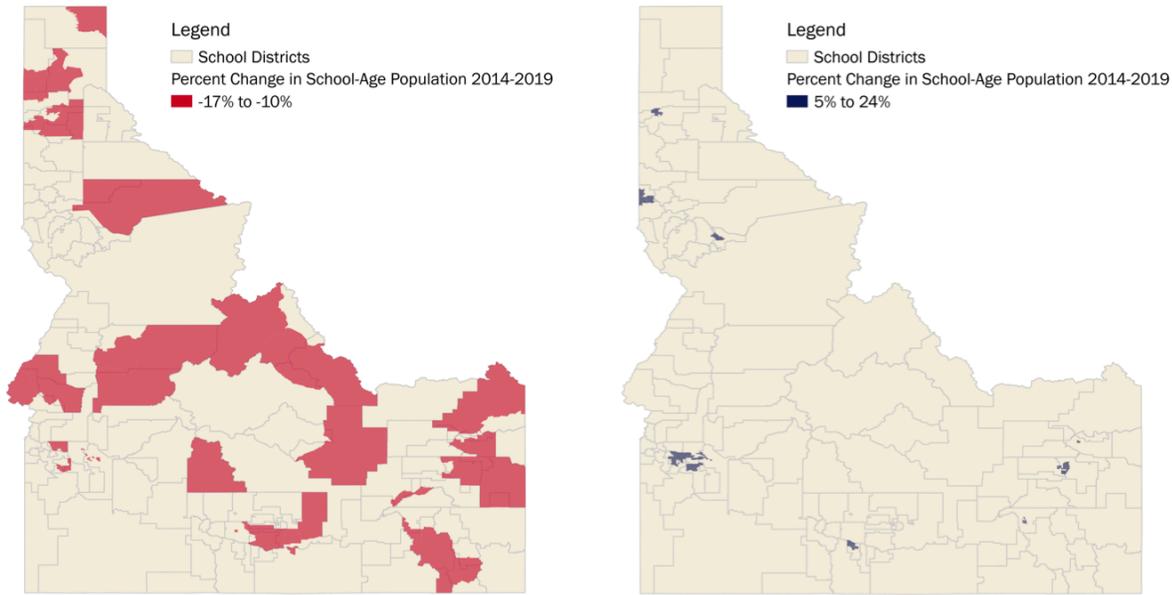
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**Declines in student-age population will affect some areas of Idaho much more dramatically than others.**

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Census tracts that are projected to have a decline in student-age population will see a total decline of over 10,500 school-age individuals. Alternatively, those census tracts that are projected to have a total increase in school-age population will see an increase of over 12,000 school-age individuals. Census tracts with projected school-age population declines of more than 10 percent and increases of more than five percent are displayed in Figure 3.

**Figure 3 Census Tracts with Notable Declines and Gains in Student-Age Population**



Source: Nielson and ECONorthwest

### Household Income

Statewide household growth for the five-year period is projected to be approximately 23,500. A more detailed examination of household projections by income categories reveals a dynamic environment with more significant household churn than is evident in the aggregate. Idaho is expected to see net growth in lower income households and net declines in households with incomes above \$50,000. Table 3 displays households by income category for 2014 and 2019.

**Table 3 Idaho Households by Income Category**

Total Households by Income	Estimated 2014	Projected 2019	Change	% Change
Less than \$15,000	81,971	93,252	11,281	14%
\$15,000-\$24,999	77,239	84,685	7,446	10%
\$25,000-\$34,999	79,561	85,024	5,463	7%
\$35,000-\$49,999	98,281	102,080	3,799	4%
\$50,000-\$74,999	116,633	115,377	-1,256	-1%
\$75,000-\$99,999	67,085	65,682	-1,403	-2%
\$100,000 or more	77,658	75,751	-1,907	-2%
<b>All Households</b>	<b>598,428</b>	<b>621,851</b>	<b>23,423</b>	<b>4%</b>

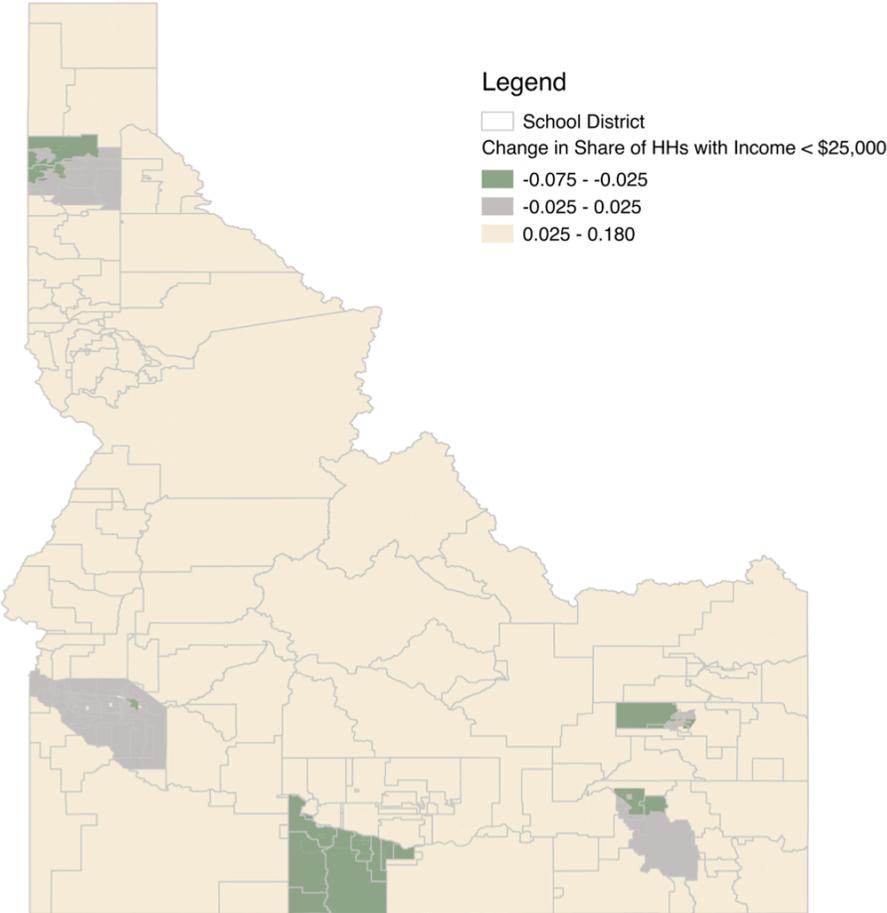
Source: Nielson and ECONorthwest

A closer examination of these household income numbers show just how dynamic the demographic setting will be for both charters and school district in coming years. Many charter schools are mission driven and, nationally, there is a history of charter schools targeting their services to economically disadvantaged students. Keeping in mind that household projections include homes both with and without school-age members, it is still useful to examine changes in households by income at a more refined geographic scale. Figure 4 displays

changes in the share of total households with income less than \$25,000 for individual census tracts from 2014 to 2019. Increases in the share of households with income less than \$25,000 (yellow color in the map below) indicates the census tract is projected to have an increase in lower income households, declines in higher income households, or both.

Much of the state is projected to see an increase in the share of households with an income of less than \$25,000. The exceptions are largely in select urbanized areas where there are projected to be declines in the share of households with incomes of less than \$25,000. It is important to note that in part this shift to more low-income households is related to a reduction in household size. On average smaller households will have fewer children, fewer workers, lower incomes and less household spending.

**Figure 4 State-wide Projected Change in Households (2014-2019) with Income <\$25,000 by Census Tract**



Source: Nielson and ECONorthwest

## Charter Schools in Idaho

Charter schools are public schools of choice. They are opened to all children that enroll. In Idaho charter schools operate under a contract (e.g. charter) authorized by local school districts, by the Idaho Public Charter School Commission or by appeal to the State Board of Education. Public and private non-denominational colleges and universities can also authorize charter schools, however as of the writing of this report none have done so. Rules governing charter school formation and operation are laid out in state statute, Title 33, Chapter 52. Charter schools operate under a performance certificate issued by the authorizing entity. The performance certificate sets out the expectations under which the charter school will function. Charter schools are funded largely out of the state educational support program on a per student basis, but may also be eligible for public special education, transportation, alternative school, and facility support funds. Charters can be revoked for clear failure to meet performance expectations, violations of law or for fiscal insolvency.

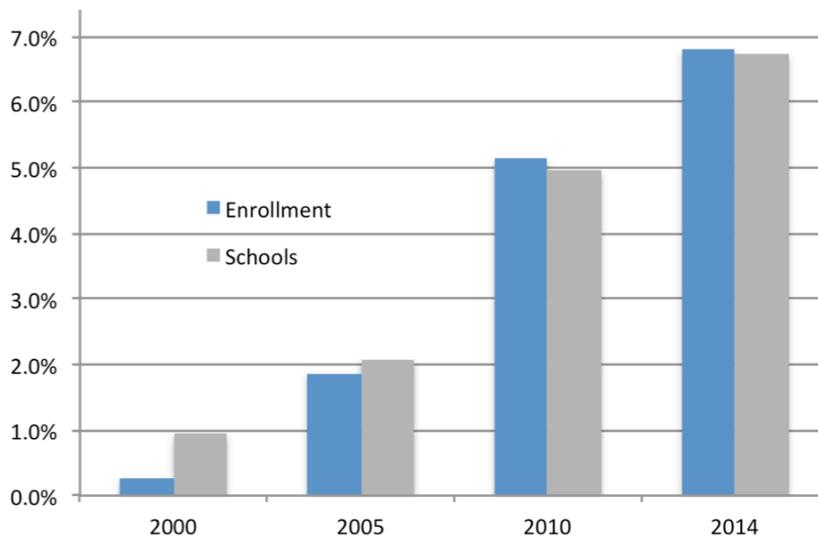
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### Charter schools account for a steadily growing portion of the state's K-12 students.

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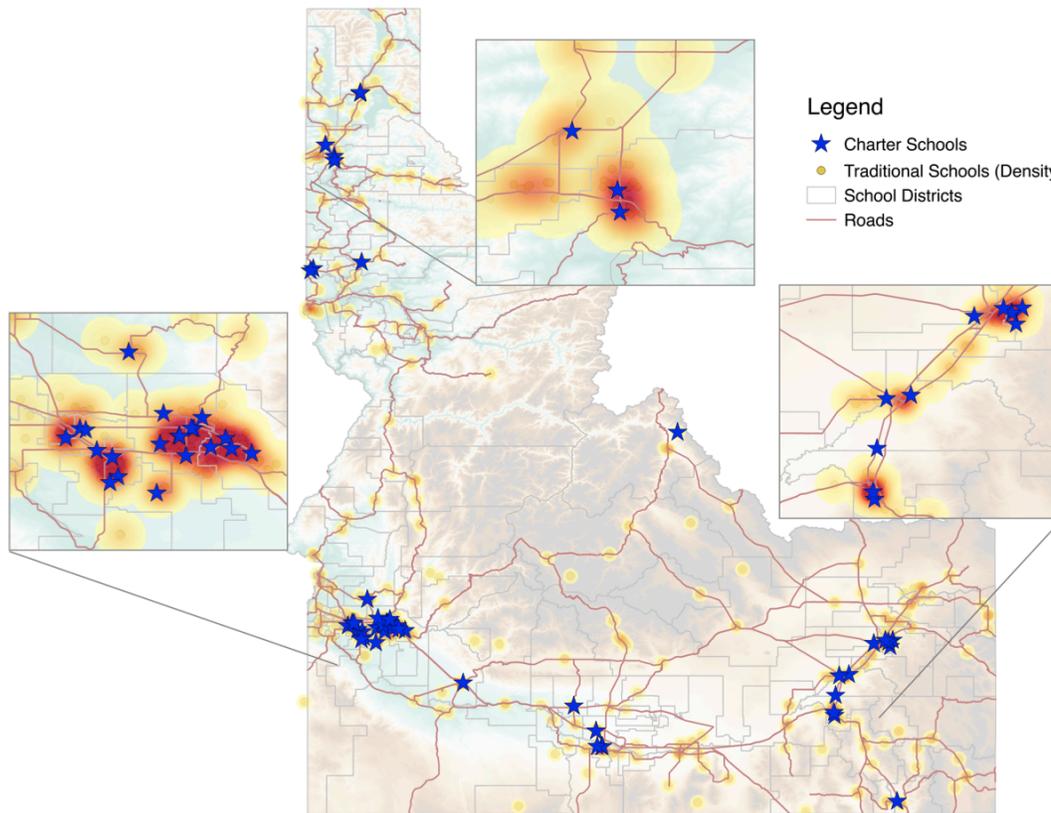
Charter school openings and enrollments have steadily increased since authorizing legislation in 1998 such that by 2014 charter schools represent approximately 7 percent of the statewide population of both students and schools. Figure 5 displays shares of charter school enrollment and number of schools over time. Figure 5 contains information about charter school enrollment as shares of statewide enrollment by school level (elementary, middle, and secondary). As of August 2014, there were 48 charter schools in operation throughout Idaho serving both local and regional markets. Figure 6 is a map depicting the location of Idaho charter schools.

**Figure 5 Charter Schools and Enrollment as a Share of Statewide Totals**



Source: ECONorthwest, data from ISDE

**Figure 6 Idaho Charter Schools Are Located Near Student Populations**



Source: ECONorthwest, USGS/NASA, ISDE

As the number of charter schools and charter school enrollment has increased so has the diversity of the student population. In 2006 charters schools in Idaho served a population that was seven percent non-white (compared with 18 percent for traditional schools) and only eight percent eligible for free or reduced lunch programs (compared with 38 percent for traditional schools). In 2012 charter schools served a population that was 13 percent non-white (compared with 22 percent for traditional schools) and 37 percent eligible for free or reduced lunch programs (compared with 49 percent for traditional schools).

**Table 4 Charter Schools Still Serve a Less Diverse Population of Students**

Student Population	2006 Charter	2006 Traditional	2012 Charter	2012 Traditional
Total Free and Reduced Lunch Students	7.9%	38.3%	36.7%	49.3%
American Indian/Alaska Native Students	0.7%	1.6%	0.8%	1.4%
Asian or Asian/Pacific Islander Students	1.5%	1.6%	1.5%	1.3%
Hispanic Students	3.7%	13.8%	7.6%	16.8%
Black Students	1.1%	1.1%	0.9%	1.0%
White Students	93.0%	81.9%	87.4%	77.5%
Hawaiian Nat./Pacific Isl. Students	NA	NA	0.3%	0.3%
Two or More Races Students	NA	NA	1.5%	1.7%
Total Race/Ethnicity	100.0%	100.0%	100.0%	100.0%

Source: ECONorthwest, U.S. Department of Education, National Center for Education Statistics, Common Core of Data

## Public School Enrollment and Attendance

Public school enrollment trends, including both traditional district run schools and charter schools, provide a background for understanding opportunities for growth in the charter school market. In general, enrollment trends are expected to track closely with changes in school-age population. In geographic areas where school enrollment has been growing there may be student growth sufficient to support the development of new charter school alternatives. Individual school districts will also likely face growth pressure if student numbers outpace their ability to accommodate new students in existing facilities with existing services, which is now in fact happening in places like the West Ada School District. In districts facing enrollment declines there may simply be fewer school age children within local boundaries. In places where district-level enrollment has declined and where charter schools have had growth in enrollment it is likely the case that charter school providers have found a particular segment of the market that felt underserved by the local school district. Idaho saw an increase in school enrollment of nearly 18,000 students between 2000-2005, 32,000 between 2005-2010, and 15,000 students between 2010-2014. In contrast, the school age population is expected to grow by less than 1,600 between 2014-2019. Table 5 includes changes in state enrollment by school-level between 2000 and 2014.

### Idaho's student population growth is slowing, with many rural districts seeing a decline in student numbers.

**Table 5 Change in District and Charter School Enrollment Statewide**

Change in School Enrollment	2000-2005	2005-2010	2010-2014
<b>State Total</b>			
Elementary	10,866	21,598	6,970
Middle	6,413	4,919	5,824
Secondary	584	5,187	2,200
<b>Charter Schools</b>			
Elementary	2,570	4,299	2,894
Middle	1,000	2,701	1,177
Secondary	309	2,454	1,468

Source: ECONorthwest, ISDE

As is seen in Table 6, just about four in ten school districts saw enrollment gains between 2010-2014; leaving over 60 percent of districts with declining enrollments. On a school

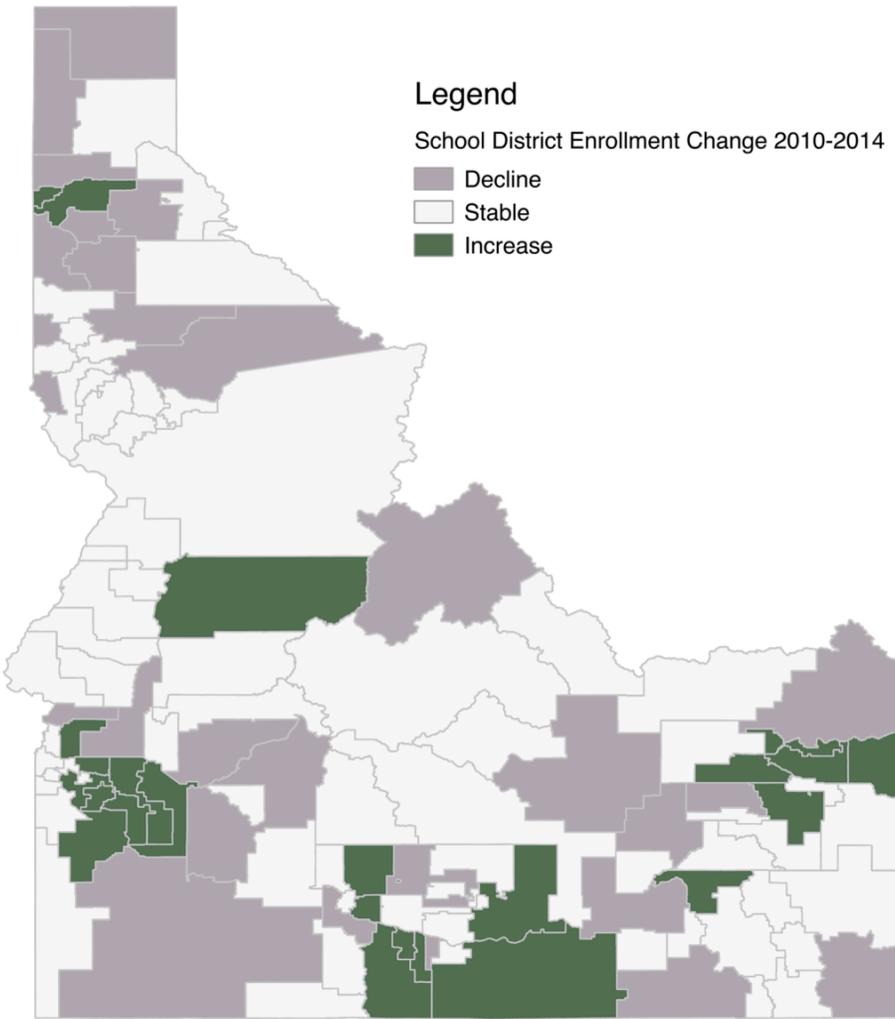
basis approximately half the schools in Idaho saw enrollment gains and half saw enrollment declines during this same four-year period. Most of the districts that experienced enrollment declines between 2010 and 2014 are in rural Idaho, while growth was in the state's more urban districts (see Figure 7).

**Table 6 Districts/LEAs and Schools with Enrollment Gains and Losses 2010-2014**

	Including Charters		Not Including Charters	
	Count	Gains/Losses	Count	Gains/Losses
Districts/LEAs with Net Gains	85	19,662	44	13,621
Districts/LEAs with Net Losses	78	-4,668	72	-4,048
<b>Districts/LEAs Total Change</b>	<b>163</b>	<b>14,994</b>	<b>116</b>	<b>9,573</b>
Individual Schools with Net Gains	362	29,794	320	23,343
Individual Schools with Net Losses	348	-14,800	342	-13,770
<b>School Total Change</b>	<b>710</b>	<b>14,994</b>	<b>662</b>	<b>9,573</b>

Source: ECONorthwest, data from ISDE

**Figure 7 District Level Changes in School Enrollment 2010-2014**



Source: ECONorthwest, data from ISDE

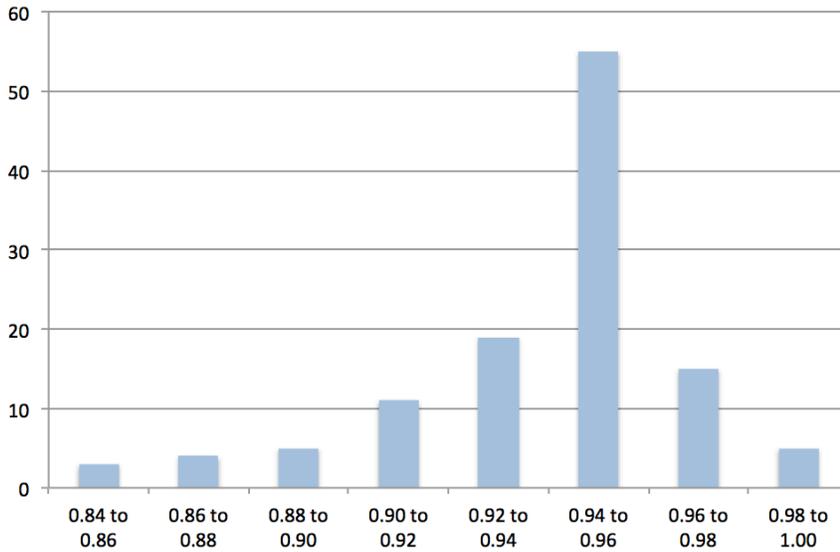
There are numerous reasons for why attendance levels vary across districts. Absenteeism is often associated with poverty and its attendant problems - homelessness, limited transportation options, responsibilities around the home, and poor access to healthcare. Also high rates of in-migrant farm labor in local economies can result in high absenteeism during certain parts of the school year. But where attendance levels are lower than average we might also expect the school is not doing enough to encourage students to attend, stay in school, or work with families to address the reasons for low-attendance. There may be opportunities to better meet the needs of students if a match between unique student needs and specialized programs can be achieved. Figure 8 shows the distribution of school districts in Idaho by attendance rates in 2013. There are quite number of districts with attendance rates below 90 percent. Figure 9 displays district attendance rates in 2013 with respect to changes in attendance rates between 2010-2013. It is not entirely surprising that districts with lower attendance rates in 2013 have seen recent declines in rates of attendance and districts with higher rates in 2013 have seen recent increases in attendance rates. Finally, Figure 10 is a map that displays average daily attendance rates by school district along with changes in school enrollment.

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**Some districts struggle with disproportionately low attendance rates.**

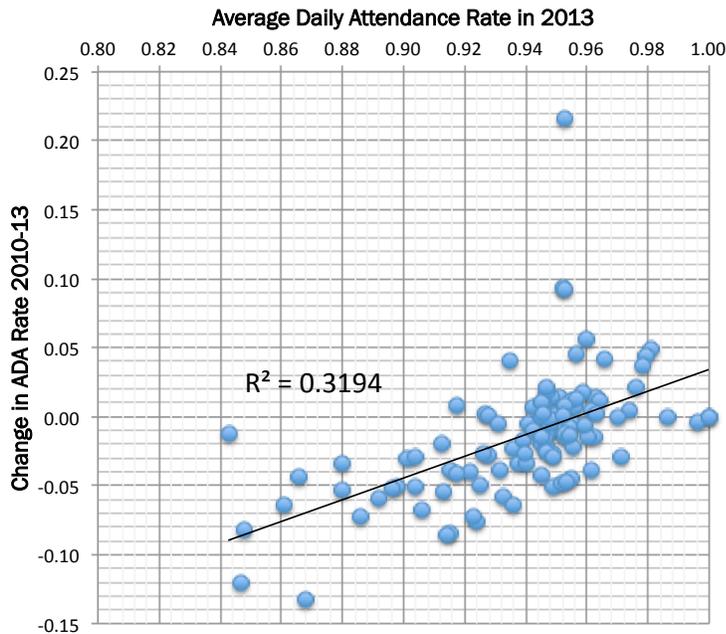
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**Figure 8 Number of Districts by Average Daily Attendance Rate in 2013**



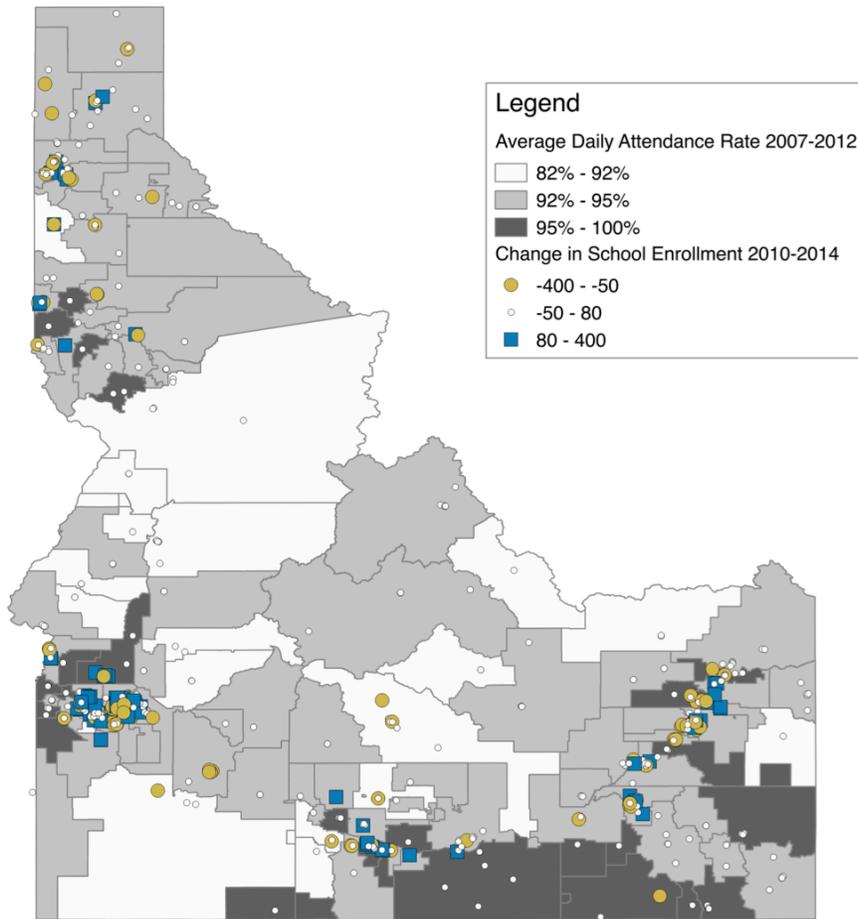
Source: ECONorthwest, data from ISDE

**Figure 9 District ADA Rate in 2013 Versus Change in ADA Rate 2010-2013**



Source: ECONorthwest, data from ISDE

Figure 10 Average Daily Attendance Rates and School Enrollment Change



Source: ECONorthwest, data from ISDE

## Test Scores

Test scores are an important indicator of student achievement. The State of Idaho has adopted the Idaho Standards Achievement Test (ISAT)<sup>1</sup> as a component of the statewide student assessment system as stated in the board rule 08.02.03-Rules Governing Thoroughness. The ISAT is administered to students in grades 3-10 to provide ongoing monitoring of individual, school, district, and state progress. One requirement for high school graduation in Idaho is demonstration of proficiency on 10th grade test in reading, language usage, and mathematics. According to the Idaho State Department of Education:

Proficiency on the 10th grade ISAT verifies that an Idaho student has met Idaho standards in reading, language usage, and mathematics. Academic proficiency is more than test scores. Competency in reading, language usage, mathematics, and science is the goal for every child. In accordance with No Child Left Behind, the ISAT measures proficiency in four key areas: reading, language usage, mathematics, and science.

<sup>1</sup> Idaho is in the process of transitioning from the ISAT to the Smarter Balanced Assessment Consortium, which promises to be even more challenging than the ISAT.

Math and reading test scores are included in this report as a means of providing background on where there may be the need for different school options. In cases where existing schools have high shares of students failing to meet basic state standards there may be opportunities for new school services to be introduced that are designed specifically to address low student achievement.

School-level test results for the ISAT are reported out in terms of the percent of tested students that fall in each of four categories (Below Basic, Basic, Proficient, and Advanced). For our purposes we have combined the Proficient and Advanced categories and report the share of students that have scored at least at the Proficient level or greater. And to minimize the effects of anomalies we have also averaged all school results over the last two years of the ISAT tests.

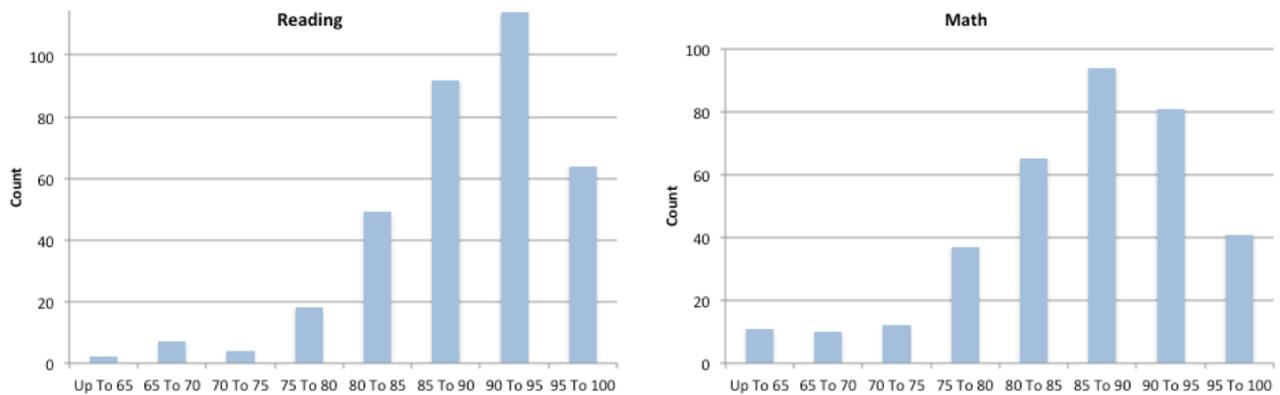
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**There are schools scattered across the state that struggle to educate students to reading and math standards. The problem is especially acute for middle school math.**

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Statewide there are 13 schools (four percent of schools reported) that have at least 25 percent or more students failing to reach Proficient levels on the 4<sup>th</sup> grade reading ISAT. For the 4<sup>th</sup> grade math ISAT there were 33 schools (nine percent of schools reported) that have at least 25 percent or more students failing to reach Proficient levels. This information, along with the full distribution of results is displayed in Figure 11 below.

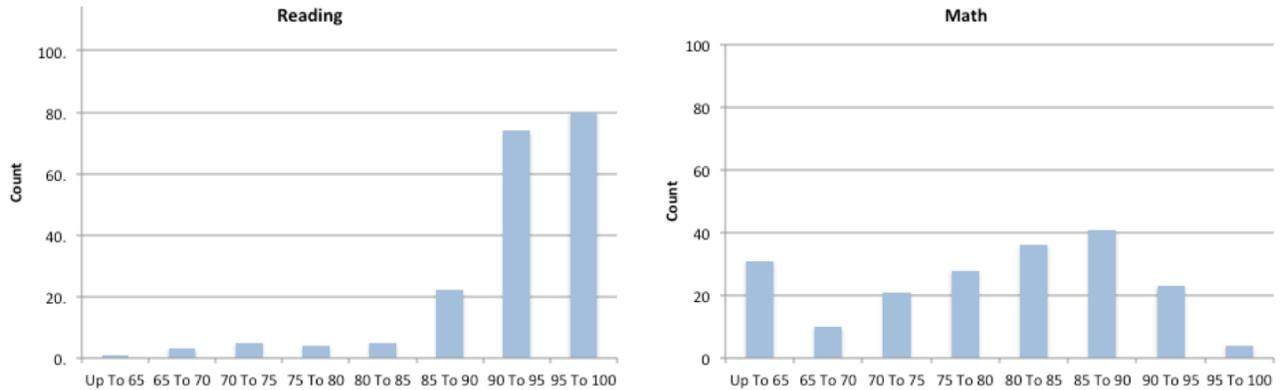
**Figure 11 Schools by Shares of 4<sup>th</sup> Grade Students Proficient or Advanced**



Source: ECONorthwest, data from ISDE

Statewide there are nine schools (five percent of schools reported) that have at least 25 percent or more students failing to reach Proficient levels on the 8<sup>th</sup> grade reading ISAT. For the 8<sup>th</sup> grade math ISAT there were 62 schools (32 percent of schools reported) that have at least 25 percent or more students failing to reach Proficient levels. This information, along with the full distribution of results is displayed in Figure 12.

**Figure 12 Schools by Shares of 8<sup>th</sup> Grade Students Proficient or Advanced**



Source: ECONorthwest, data from ISDE

**Charter schools score, on average, similar to district-run schools, but are more likely to have more high as well as low performing schools.**

Charter schools have test results that are similar to traditional district operated public schools for 4<sup>th</sup> and 8<sup>th</sup> grade reading and math overall. Table 7 displays the share of students in traditional and charter schools that were proficient in reading and math according to the reported 2013 ISAT results.

**Table 7 Share of Students Proficient or Advanced 2013 ISAT**

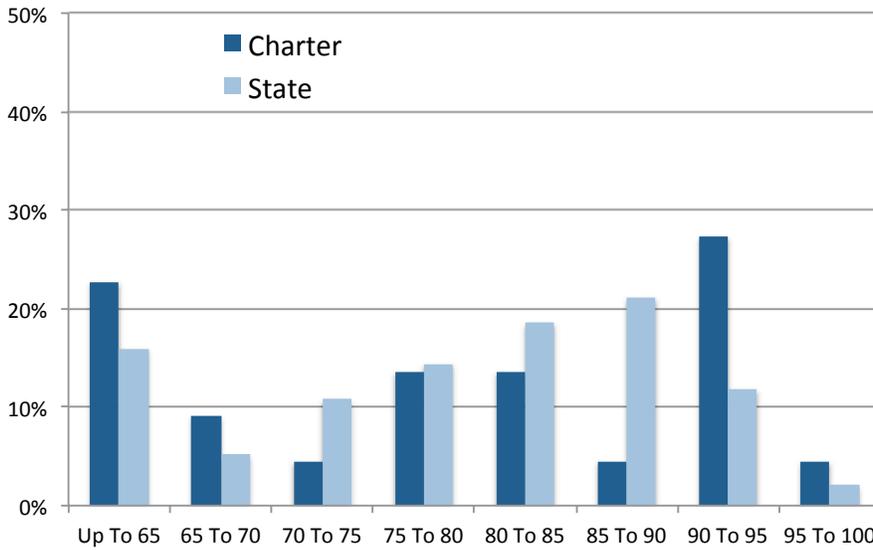
	Traditional Schools	Charter Schools
4th Grade Reading	89.1%	89.4%
4th Grade Math	85.6%	84.7%
8th Grade Reading	93.3%	90.9%
8th Grade Math	79.7%	73.6%

Source: ECONorthwest, data from ISDE

When examined on a school-by-school basis the mean share of students testing at the proficient level each for traditional and charter schools (for reading and math at the 4<sup>th</sup> and 8<sup>th</sup> grades) were not statistically<sup>2</sup> different from each other. In terms of the distribution of schools with shares of students meeting proficiency, charters schools have more schools clustered at both the high end and the low end of performance. The 8<sup>th</sup> grade math ISAT results (displayed in Figure 13) are a typical example.

<sup>2</sup> At the 95% confidence level.

**Figure 13 Percent of Schools by Shares of 8<sup>th</sup> Grade Students Proficient or Advanced in Math**



Source: ECONorthwest, data from ISDE

## Staffing

Education is a labor-intensive industry, and the vast majority of resources dedicated to schools are personnel costs (teachers, administrators, etc.). The development of new charter schools, or the expansion of existing schools, will draw from essentially the same labor market as is available to school districts. This study includes an examination of staffing experience levels in Idaho as a means of providing background information regarding the availability of labor resources for new school formation or school expansion.

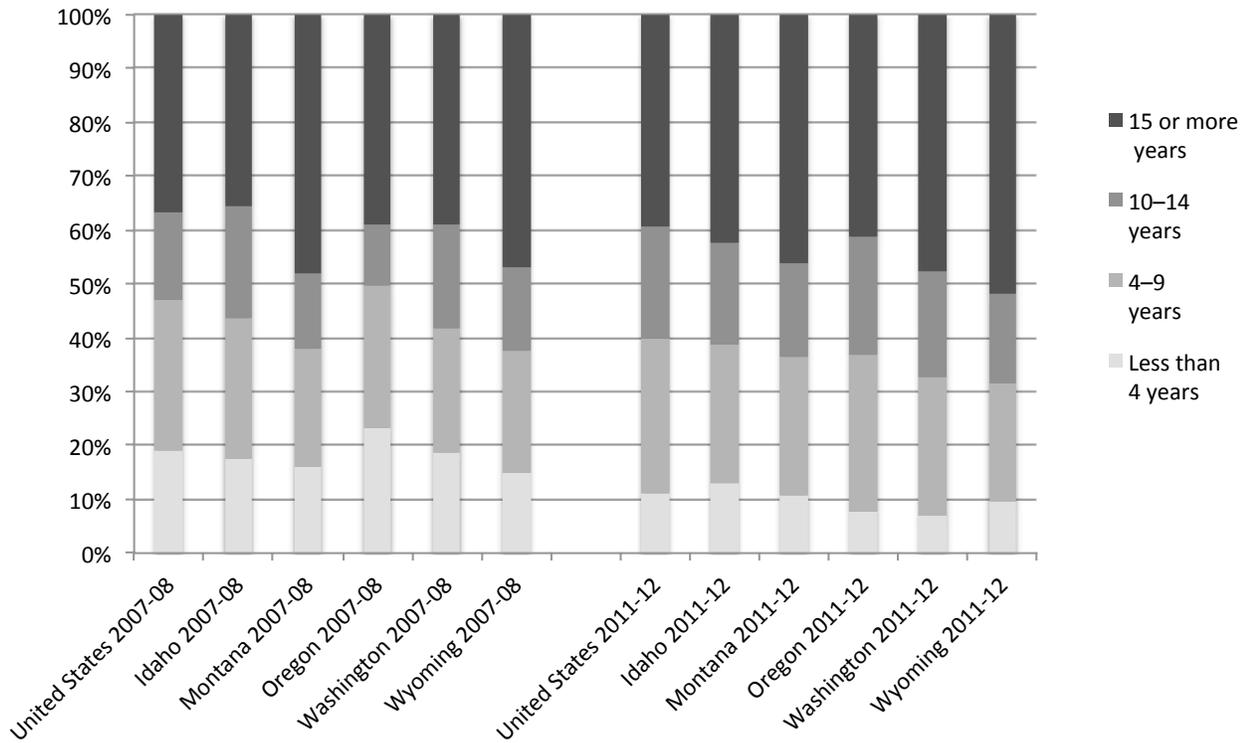
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**As with the US as a whole, Idaho's teachers and administrators are getting older.**

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As is evident in Figure 14 the distribution of teachers by years of experience in Idaho, neighboring states and the U.S. as a whole has been changing over recent years toward a greater number of more experienced teachers. The distribution of teachers by experience level in Idaho matches pretty closely with the U.S. as a whole. Montana, Washington, and Wyoming each have greater shares of more experienced teachers, with Washington and Wyoming seeing the greatest gains in teachers with 15 or more years of experience between 2007-08 and 2011-12.

**Figure 14 Idaho Teacher Experience Compared with U.S. and Nearby States**

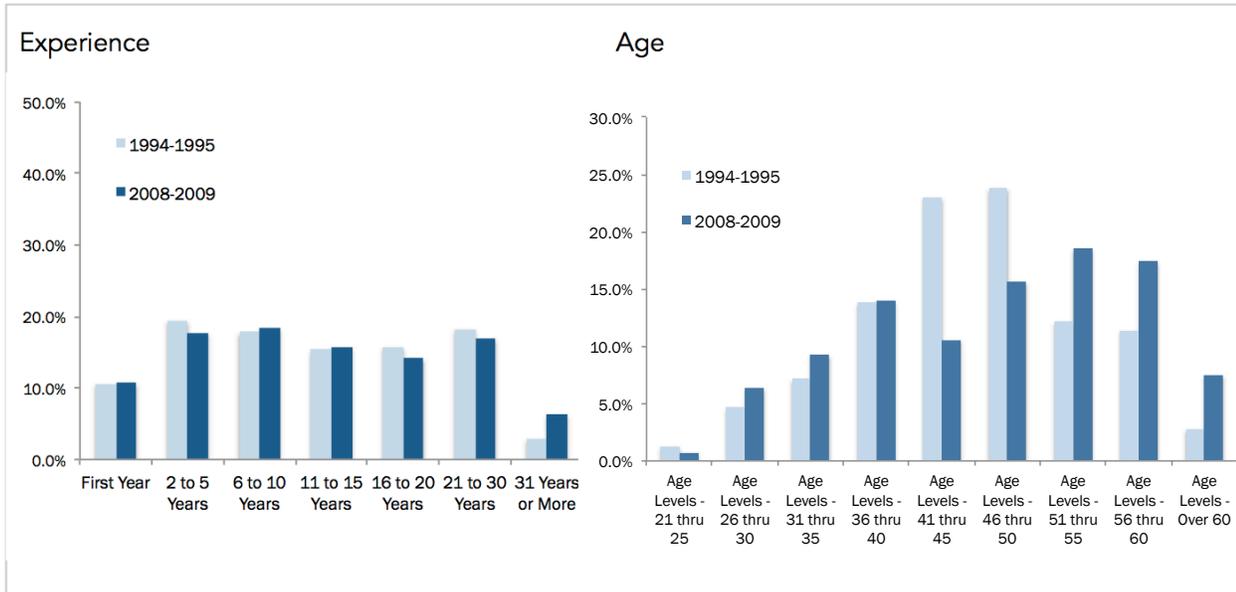


Source: National Center for Education Statistics, Schools and Staffing Survey (SASS)

The aging of the teacher workforce is in many settings a deterministic outcome of hiring rules that require the most recently hired teachers to be the first let go during times of fiscal retrenchment or drops in enrollment. The literature on teacher experience, teacher quality and student outcomes is extensive, complex and multi-faceted. We do not attempt to summarize this literature or draw conclusions about the policy implications of teacher experience levels in Idaho, rather we simply document the current availability of teachers by experience level as a component of the education market in which charter schools must operate.

A more detailed look at all school district staff in Idaho reveals the changing age and experience profiles between 1994-95 and 2008-09. Idaho displays a fairly stable pattern of churn (replacement of staff cycling out of the work force with newer, less experienced staff), with a modest increase in the share of staff with 31 years or more of experience. But in particular the age distribution of instructional service staff has shifted noticeably toward more staff in the 51 years or older categories. Figure 15 shows the age and experience distributions for instructional services staff in 1994-95 and 2008-09. The same labor market maturation is true of district administrators as well. It is these groups of staff that are poised to voluntarily leave the labor market over the coming years.

**Figure 15 Instructional Services Staff Experience and Age**



Source: ECONorthwest, data from ISDE

## School Funding

Charter schools in Idaho receive funding directly from the state Education Support Program. The apportionment methods are well described on the ISDE web page.

<http://www.sde.idaho.gov/site/superintendentMeeting/Pres/Public%20School%20Finance%20Overview/Funding%20Formula%20FY12,%20Tim%20Hill.pdf>

State funds are distributed to schools according to statute (Title 33, Chapter 10, Idaho Code). The primary factors in the apportionment formula are Average Daily Attendance (ADA), and an Experience and Education Multiplier. ADA is converted into Support Units in a manner that takes the overall size of the School District or Charter School into consideration. Support Units are funded with a statewide average allocation that is determined by staff allowances and then adjusted for each district using the Experience and Education Multiplier. The bulk of funding is calculated on a Support Unit basis, but other distributions such as transportation, bond levy equalization support and a variety of other programs are distributed according to specific statute and rules.

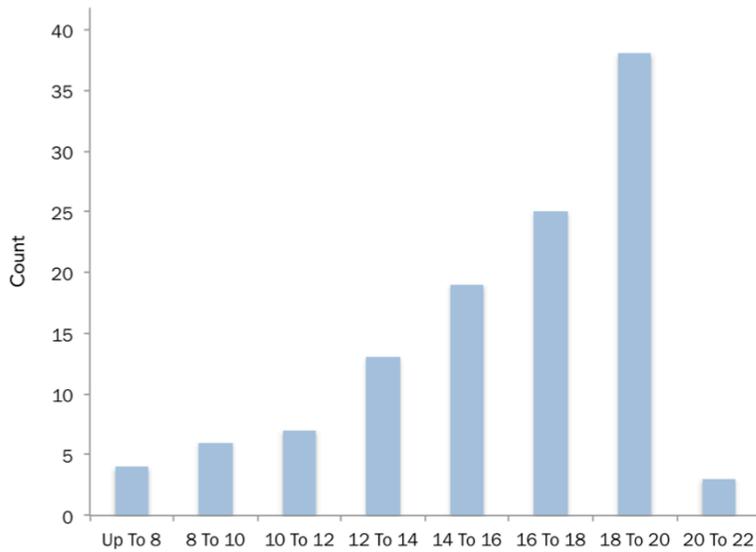
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**State funding rules protect low enrollment districts, placing many district authorized charters schools at a disadvantage.**

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In summary, the state allocation per ADA received by a school district or charter school is generally based on 1) size of the district or school program in terms of ADA, 2) the mix of students and grade levels served, and 3) the level of experience of current program staff.

**Figure 16 School District ADA Per Support Unit**

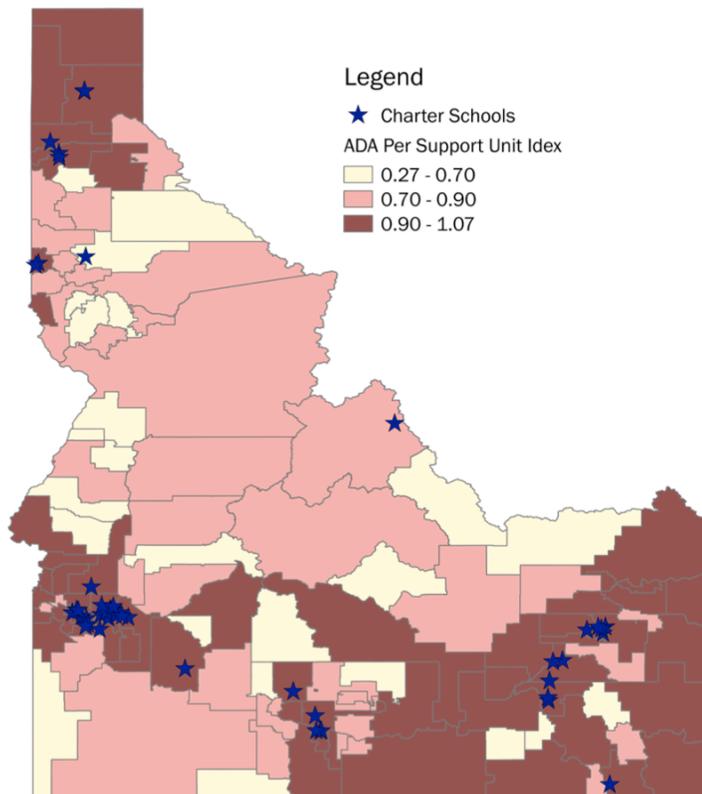


Source: ECONorthwest, data from ISDE

The topic of Support Units bears some additional review. Support Units are the unit of funding for much of the state support for public schools and reflect a districts mix of students by grade and size of the district. Smaller districts require fewer students per support unit. The 2011-12 distribution of students (ADA) per Support Unit for Idaho districts is displayed in Figure 16. The statewide ADA per Support Unit for this period was 18.8.

Comparing the district specific ratios of ADA to Support Units with the statewide average we can produce an index. A district with an ADA per Support Unit Index of .5 will have half as many students per funding Support Unit as the statewide average; an index of 1.0 will be on par with the state average. The index of ADA per Support Unit for each district is displayed in the map in Figure 17.

**Figure 17 School District ADA Per Support Unit (Indexed to Statewide Value)**



Source: ECONorthwest, data from ISDE

### Current Expenditures

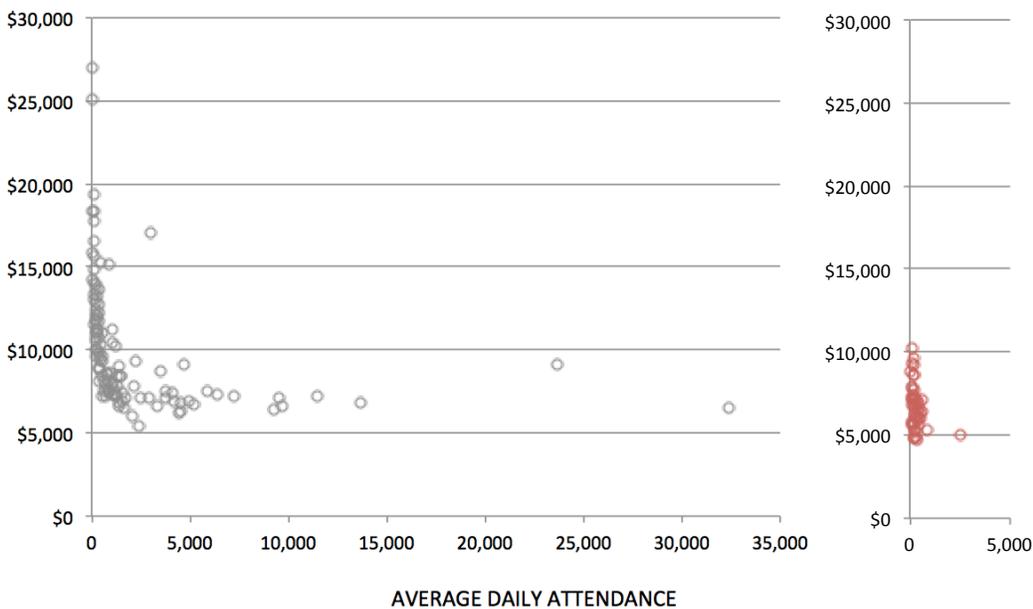
School and district expenditures, especially current expenditures, will track closely with state direct allocations. As a result of the allocation formula discussed above, higher expenditures on a per ADA basis will be associated with smaller districts and school programs. This can be seen clearly in Figure 18 below. Figure 18 shows district and charter school size (ADA) versus current expenditures per

student (ADA). The values used are averaged over a 5-year period between 2007-08 and 2011-12 in order to minimize any single year outliers in the data. The figure demonstrates a clear relationship between program size and expenditures per student. The plot has separated charter schools from districts in order to see if the relationship holds in spite of some differences in how charter schools are funded and the potentially different mix of students and staff in charter programs.

**Per pupil expenditures for districts and charter schools with larger enrollments is less than that for smaller schools and districts.**

While the basic relationship between size and expenditures applies to charter schools as well there are notable differences. Charter schools of all sizes appear to have lower per student current expenditures. The reason for this pattern will be a combination of a different mix of students and staff, limited or no access to locally generated operating funds, and fewer mandated expenditures such as transportation.

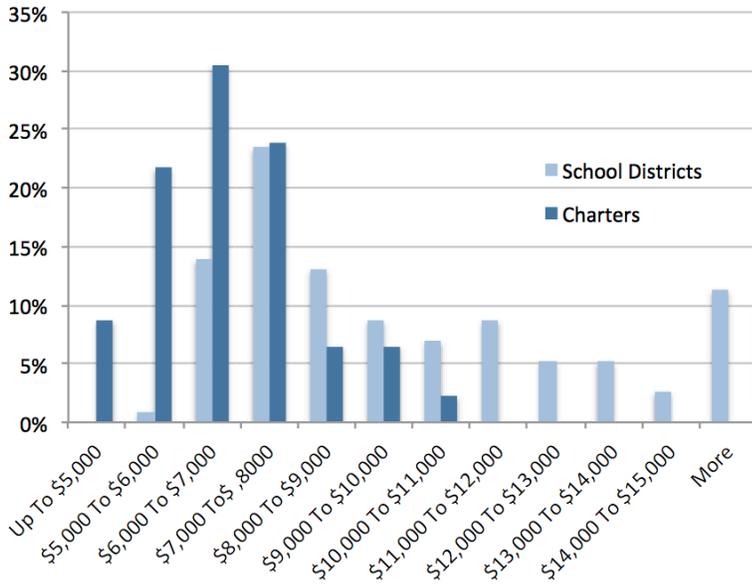
**Figure 18 ADA Versus Current Expenditures Per ADA for Districts (Gray) and Charter Schools (Red)**



Source: ECONorthwest, data from ISDE

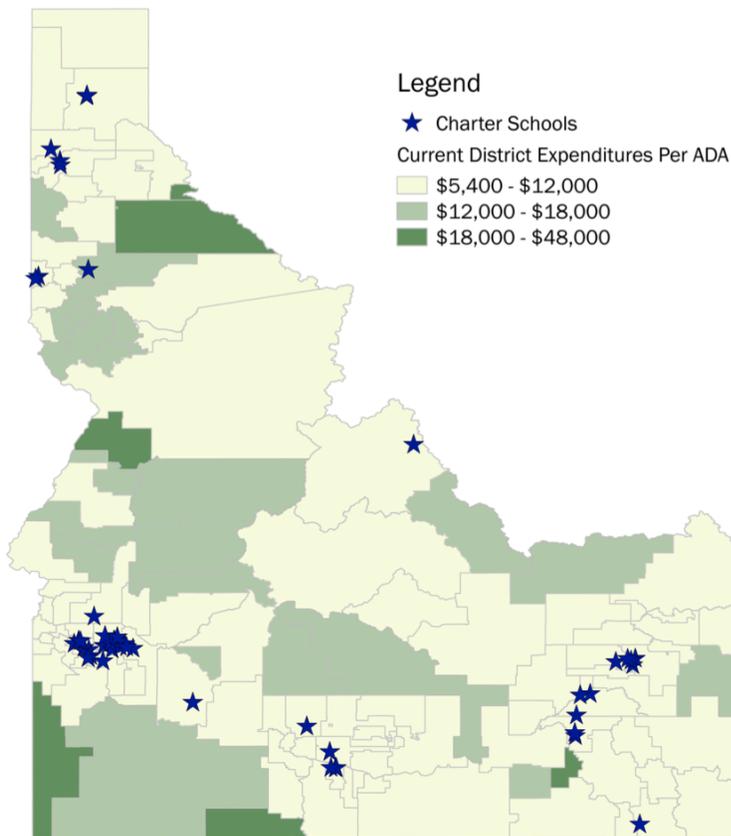
Figure 19 displays a detailed distribution of current expenditures per ADA for both Idaho districts and charter schools. Again the differences in per student expenditure levels are evident. As noted earlier, districts may have mandated costs that charters school do not face and the mix of students by grade level and category of service will be different across programs. These factors are not controlled for in this overview of school expenditures. Current expenditures on a per ADA basis are displayed in Figure 20 below. Charter school locations are included in the map for reference.

**Figure 19 Distribution of Districts and Charter Schools by Current Expenditures/ADA**



Source: ECONorthwest, data from ISDE

**Figure 20 Current Expenditures per ADA by School District**



Source: ECONorthwest, data from ISDE

## Changes in School Funding

Current expenditures for districts across the state are down in recent years both in terms of total expenditures and on a per student (ADA) basis. This can be seen in Figure 21 below. Figure 21 displays total current expenditures for all districts as well as current expenditures per ADA since 2005-06. These values have been adjusted for inflation to 2012 dollars. The peak spending per ADA was in 2008-09 and has dropped each year since the peak. This trend in district expenditures is likely a result of challenging economic conditions as well as changes in state funding for public education.

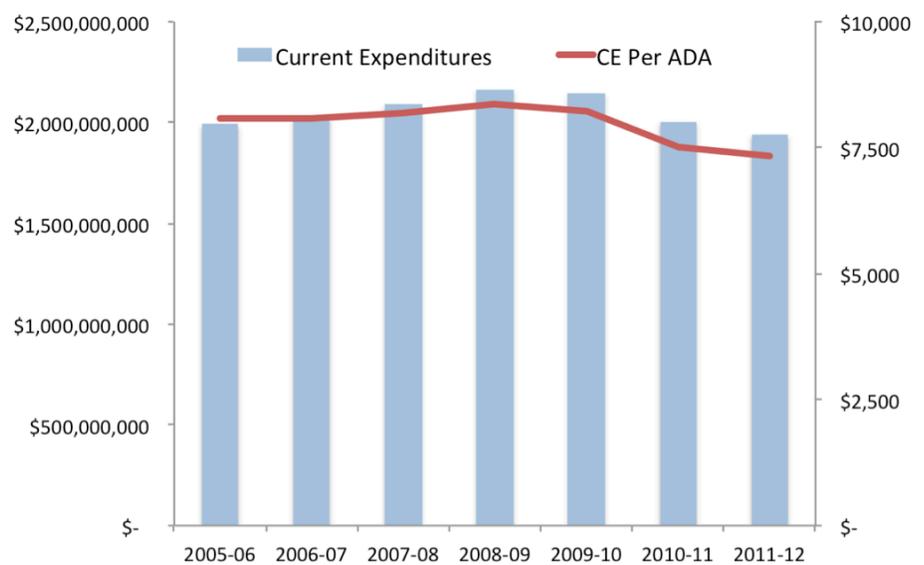
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**Increased reliance upon supplemental levies to fund district operations coincides with changes in state funding for education.**

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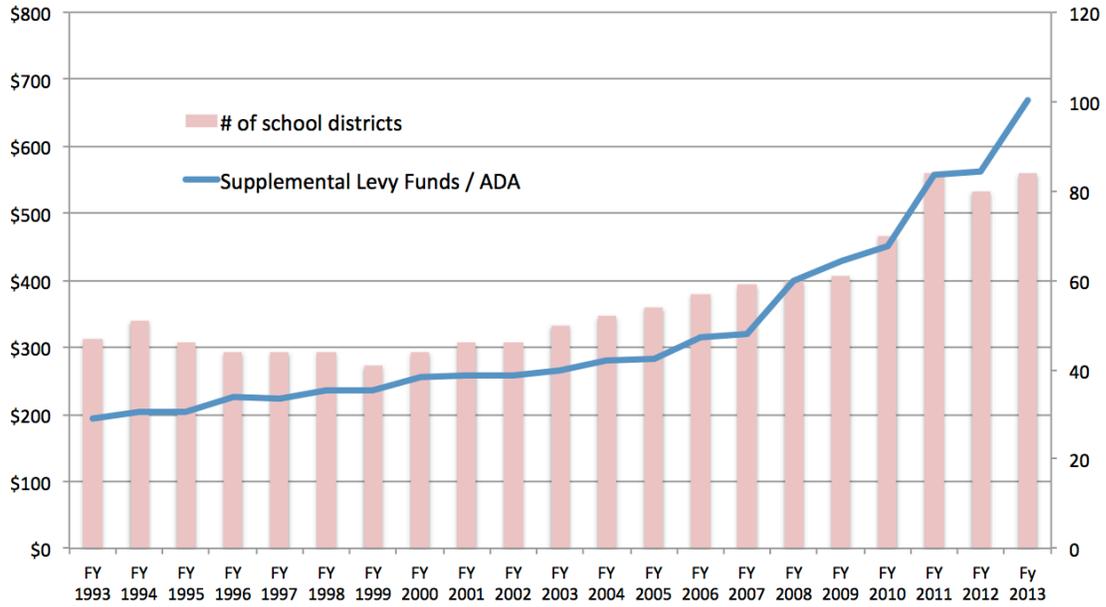
In 2006 the state of Idaho raised Idaho's sales tax one percentage point and eliminated the M&O property tax levy that was used in the state's funding formula for public education. Soon after this state action school districts began increasing their reliance on supplemental levies to fund school operations. This trend can be seen in Figure 22. In 2006 the value of supplemental levy funds per ADA was just over \$300 statewide, by 2013 that value had risen to nearly \$700. Figure 23 is a map displaying the value of the supplemental levy funds per ADA for each district in 2012-13 along with charter school locations for reference.

**Figure 21 Current Expenditures Statewide (Inflation Adjusted to 2012 \$\$)**



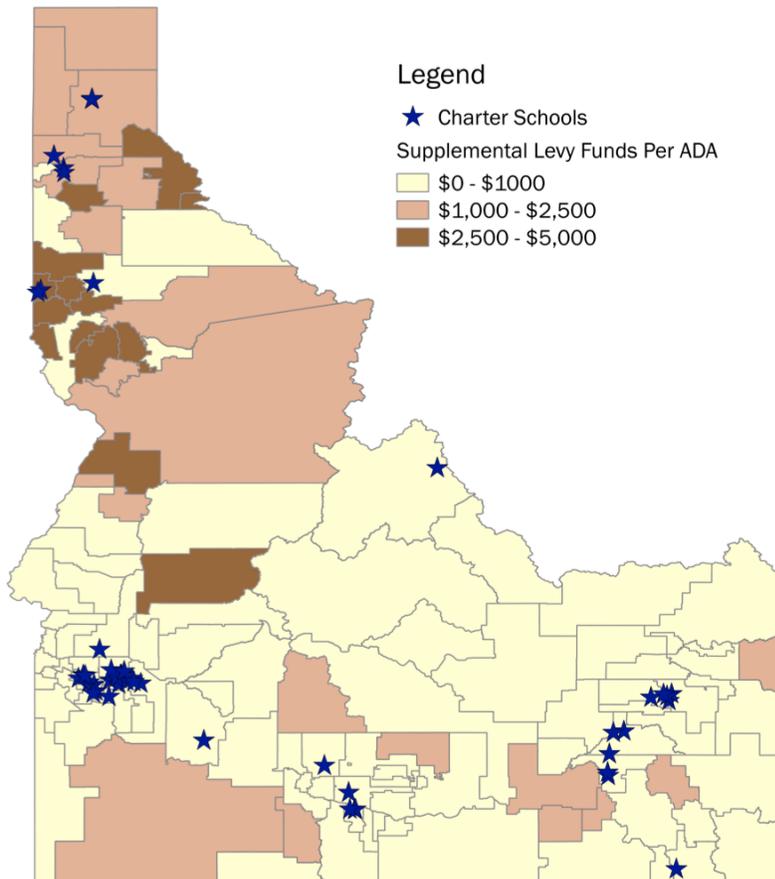
Source: ECONorthwest, data from ISDE

**Figure 22 School District Use of Supplemental Levy Funds (Number of Schools and Funds Per ADA)**



Source: ECONorthwest, data from ISDE

**Figure 23 School District Supplemental Levy Funds Per ADA in 2012-13**



Source: ECONorthwest, data from ISDE

The capacity for supplemental levy funding is dependent upon the market value of property within the district boundaries. The degree to which this market value can be put to work to fund educational services is dependent upon many factors including the number of students enrolled in district schools. As a result understanding the market value per student (based on average daily attendance) is a useful exercise. The following figures examine this topic in some detail.

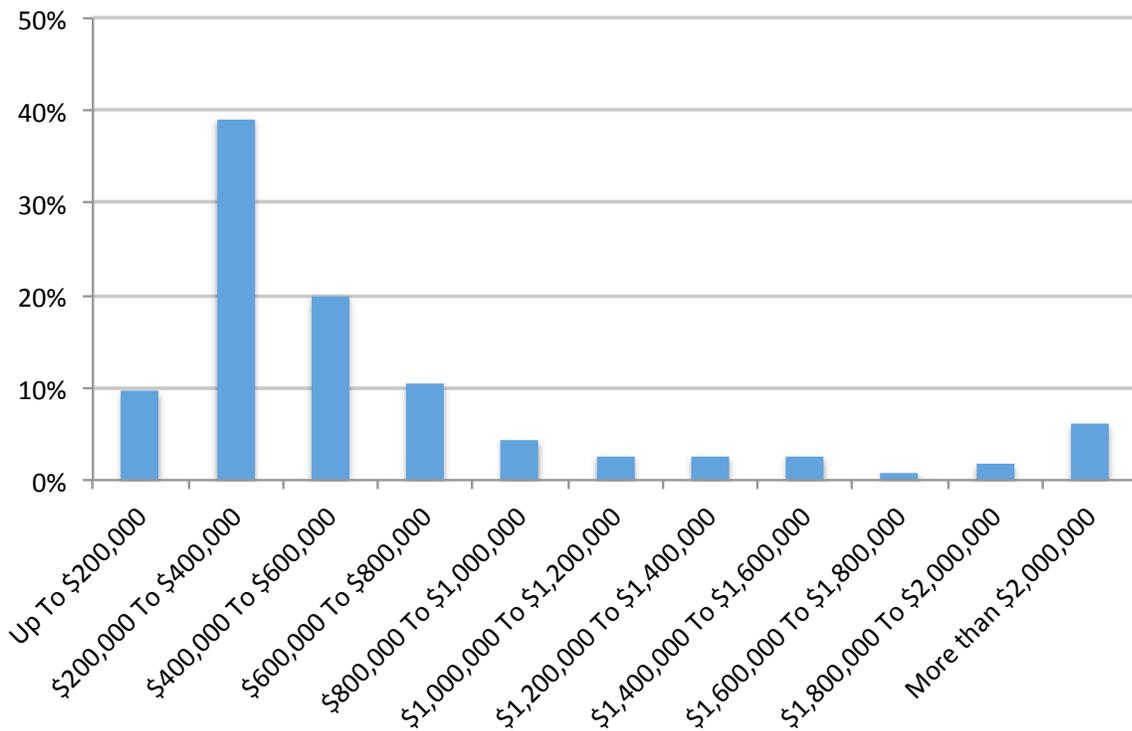
Figure 24 displays the distribution of school districts by market value per ADA for 2011-12. The majority of districts have market values per ADA of less than \$1,000,000, but there is a fairly long upper tail to the distribution. Some of the districts with higher market values per ADA will have a low number of students enrolled in district schools. Figure 25 displays this information in map form, and Figure 26 displays a map of the change in market value per ADA over the period 2007-08 to 2011-12.

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**Not all parts of the state of Idaho have equal capacity for local funding, the value of property on a per student basis varies widely from district to district.**

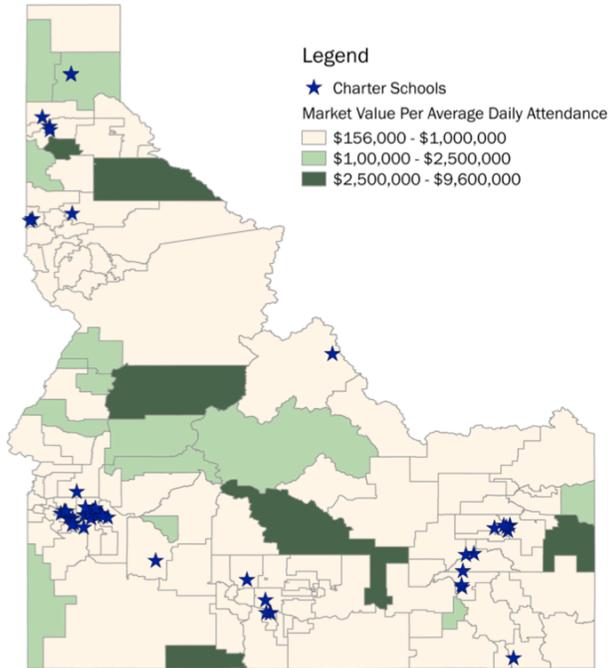
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**Figure 24 Distribution of School District Market Value per Average Daily Attendance**



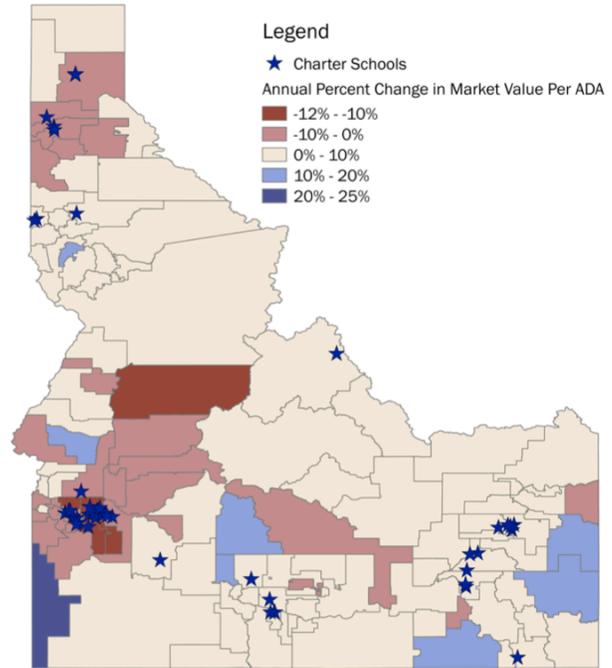
Source: ECONorthwest, data from ISDE

**Figure 26 School District Market Value Per Average Daily Attendance**



Source: ECONorthwest, data from ISDE

**Figure 25 School District Annual Percent Change in Market Value Per ADA**



Source: ECONorthwest, data from ISDE

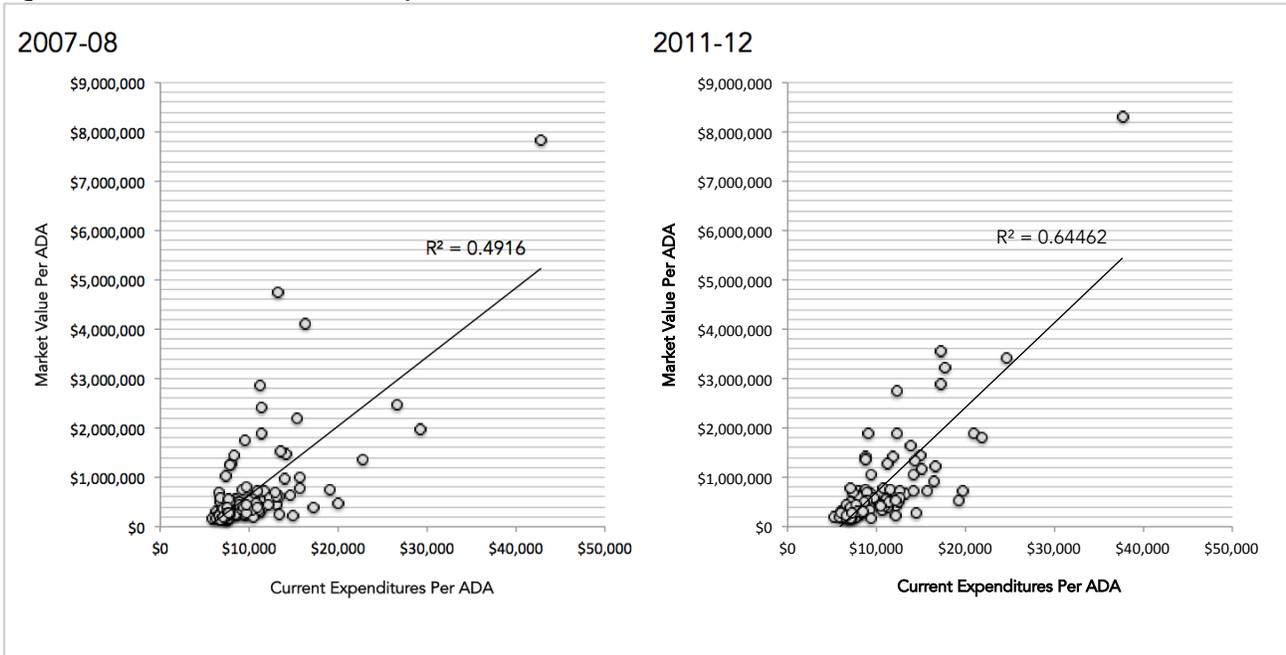
The increased reliance on supplemental levy funds for many districts has had an effect on the relationship between current expenditures and market value on a student adjusted basis. By plotting current expenditures per student (ADA) against market value per student (ADA) over time it is possible to observe this changing relationship. On one extreme if the state supplied all funds for current expenditures on a fixed per student basis (an approach that would ignore the divergent needs of specific students and districts) we would see very little relationship between the value of taxable property per student and current expenditures per student. On the other extreme if all current expenditures were funded through local levies with a fixed tax rate we would see a very tight relationship between the value of taxable property per student and current expenditures per student. Figure 27 below displays this relationship in 2007-08 and again in 2011-12. The fit of the relationship (R squared) is measured as the share of the variation of one value (e.g. current expenditures per ADA) is explained by the other variable (e.g. market value per ADA). In 2007-08 the R squared was 0.49 and by 2011-12 it had increased to 0.64 indicating a closer relationship between market value and current expenditures on a per student basis.

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**The variation in district expenditures per student is now more closely tied to the value of property within the district, and less tied to state funding allocation.**

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**Figure 27 School District Current Expenditures Per ADA Versus Market Value Per ADA**



Source: ECONorthwest, data from ISDE

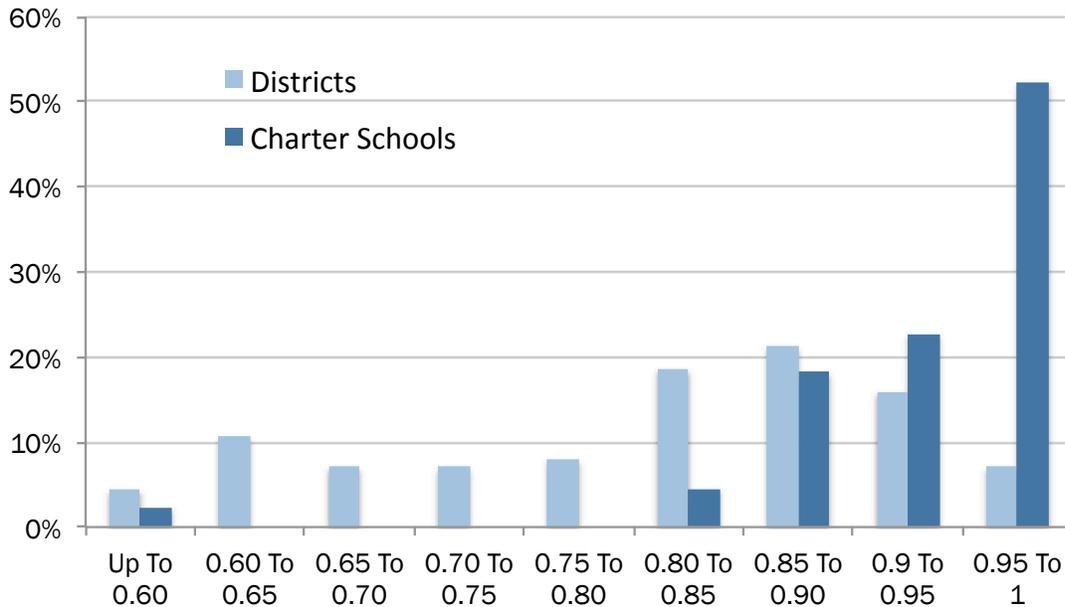
While there is a great diversity of districts in Idaho with a fairly wide distribution of per student levels of expenditure, this is less true of the state’s charter schools (see Figure 19). In 2011-12 all the state’s charter schools spent less in current expenditures per ADA than \$11,000. In this same time period 35percent of the districts (many of them quite small in terms of student enrollment) spent more than \$11,000 per ADA in current expenditures. In part this is explained by the heavy reliance upon the state funding distributions for charter school operations. Figure 28 displays the distribution of districts and charters based on the share of total revenues that support maintenance and operations that comes from state sources. Over three-quarters of charter schools get 90 percent or more of M&O funding from state sources (mean = 94 percent) while three-quarters of districts get less than 90 percent of M&O funding from state sources (mean = 80 percent).

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**The share of expenditures on maintenance and operations that comes from state funds is 80% for district-operated schools and 94% for charter schools.**

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**Figure 28 State Revenues as a Share of Total M&O Revenues in 2011-02**



Source: ECONorthwest, data from ISDE

## Conclusion

A changing demographic of the school-age population in Idaho will have far reaching implications for public schools throughout the state. Many rural districts will continue see a decline in school-age populations while a few urban districts will see population increases over the next 5 years. The student base in Idaho in 2019 will be more racially diverse, be increasingly Hispanic and more students will come from households with low incomes. How well are Idaho’s districts and schools prepared for this changing population?

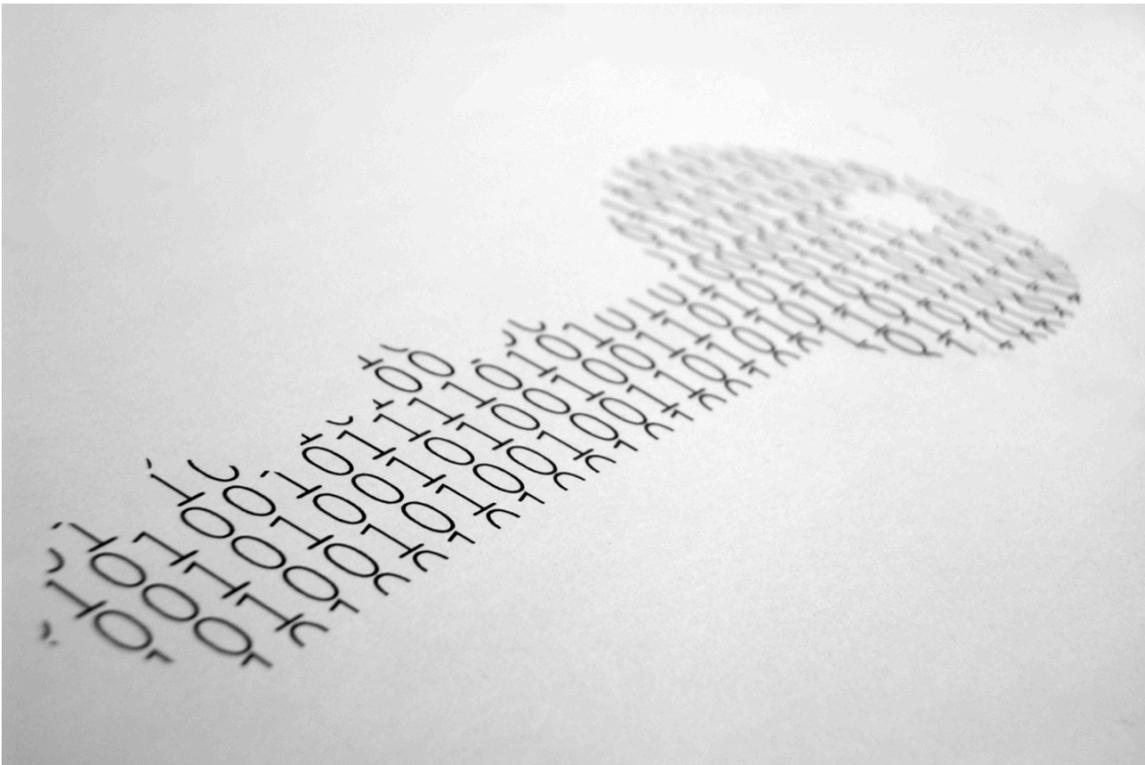
Declining enrollment in some small districts has presented challenges in terms of maintaining the viability of local community schooling. Growing enrollment in larger urban districts has led to financial stress, given the specifics of how state funding is allocated to districts. Within this setting new charter schools have continued to open and existing charter schools have seen rapid enrollment gains. Many charter programs have extensive waiting lists of students waiting to get a seat. This growth comes in spite of a fairly inhospitable funding environment for charter school programs. But after nearly 15 years, the charter schools in Idaho in total still don’t serve as diverse a demographic as their counterparts in traditional district operated schools, and test scores are just on par with the state average. Are these results good enough to help lead the way to better school options for Idaho’s families?

In part the composition of charter school students are a result of poor fiscal incentives to expand programs or tailor programs to a more diverse set of student needs. Idaho’s state funding for public schools is inadequately structured to serve today’s student population and will be increasingly ill suited to address the challenges presented by a changing student demographic. Funding formulae are designed to safeguard the financial integrity of small and diminishing districts (a worthy goal), but at the expense of adequately funding larger districts where demands are greatest. While these funding rules clearly place charter schools at a funding disadvantage with respect to traditional district run schools, it appears that the funding rules have even wider

implications for educational services in Idaho. Current rules reward districts for a more experienced staff profile independent of whether staff experience is organized to meet specific educational outcomes. And a decline in the amount and share of state funding per student has led to an increased reliance on local levy funds for basic school operations. The result is that expenditures per student are now more closely tied to local wealth conditions (property market value) than has been true in the past. And charter schools, which have no access to local levies, are at an increasing disadvantage in terms of financial supports. Securing facility funding for charter schools and adequate operating funds from state and other sources will be critical to the long-term viability of the charter school programs. But it is also likely that the current state funding structures are not well aligned with the coming demands of an increasingly urban, more diverse and poorer student population. Many of the service delivery challenges that will be faced in coming years by charter schools and school districts alike could be better addressed with state funding formulae that fund students and student needs rather than the current approach of funding staffing levels and staff experience.

Charter schools can play an important role in providing educational options for Idaho’s families. The flexibility provided to charter schools means that they are a tool for addressing some of the challenges presented by changing demographics, the mobility and volatility of the school-age population, and state and local fiscal constraints. But to realize this opportunity charter school operators and authorizers will need to focus their efforts on improving performance, diversifying their program offerings, coordinating with other providers and with districts to offer services and to lower costs. Charter schools, both in Idaho and nationally, have a track record of these types of innovations.

In order for charter schools to continue to make advances in providing quality school choices to Idaho’s families the areas of strategic focus outlined in this report’s forward will need to be addressed by charter school providers, authorizers and state policymakers.





Idaho Charter School Network

J.A. AND KATHRYN  
**ALBERTSON**  
FOUNDATION

A decorative flourish consisting of a single, continuous, elegant black line that loops and swirls beneath the text.