Education Funding in Idaho

Where school dollars come from, and why levies keep appearing on the ballot.

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The Short Version

- **Idaho funds schools overwhelmingly at the state level.** In 2024–25: 79 percent state, 11.8 percent local, 9.4 percent federal — approximately $2.9 billion, $450 million, and $351 million.
- **Per-pupil spending ranks at or near last nationally** — roughly $9,832 per student in 2022 — even as Idaho devotes a comparatively large share of its state budget to education.
- **The state formula is enrollment- and staff-driven, not need-driven,** and has resisted rewrite for a decade. The 2026 Legislature again declined to change it.
- **When districts want more than the state allocates, they ask local property taxpayers** — the direct pipeline between school finance and the housing market.

Where the Money Comes From

Source	Share (2024–25)	Approx. Amount
State	79.0%	$2.9 billion
Local property taxes	11.8%	$450 million
Federal	9.4%	$351 million

State. Distributed by formula. What a district receives depends on student counts, attendance rates, and staff experience and education levels. The core unit is the “support unit” — roughly one classroom. When enrollment falls, support units fall and discretionary funding falls with them, whether or not fixed costs moved.

Local. Almost entirely through school elections — bonds for facilities, supplemental levies for operations. Reliance varies sharply; North Idaho districts lean harder on levies, driven partly by proximity to Washington, higher cost of living, and travel. Many district officials argue “supplemental” is a misnomer: in practice these levies are foundational.

Federal. Some flows to the state for redistribution; some goes directly to schools for specific populations, including students with disabilities and students from low-income families.

Charters. Funded similarly — with one decisive exception: they cannot seek bonds or levies. They combine state facilities dollars (a per-student allocation running $300–$400 in recent years) with bonds and private donations. In 2023 the Legislature created a $50 million revolving loan fund for newer charters and state-backed credit enhancement for established ones.

The Constitutional Floor

Article IX, Section 1 directs the Legislature to “establish and maintain a general, uniform and thorough system of public, free common schools.” That clause anchors nearly every funding argument in the state, and it has teeth: nearly two decades ago the Idaho Supreme Court held the Legislature was failing its constitutional duty on school facilities — the ruling that shaped the 2024 facilities legislation.

Recent Policy Movement

- **HB 521 (2024).** The largest facilities investment in state history: roughly $1.5 billion over a decade, funded partly by dedicating $125 million of sales tax to a School Modernization Fund for bonding and raising the School District Facilities Fund distribution to 3.25 percent of revenues. It also cut income taxes and made unrelated changes, drawing single-subject criticism and requiring a trailer bill (HB 766) on four-day weeks, charter facility formulas, and hold-harmless provisions.

- **HB 93 (2025) and HB 934 (2026).** HB 93 created a refundable Parental Choice Tax Credit for education expenses including private tuition. HB 934 was cleanup: eligibility for students 5–18 at any point in the tax year, purchases from multiple vendors, participation in non-academic public school activities including sports, and Idaho Digital Learning Alliance fees as an eligible expense.
- **The 2026 session.** Lawmakers faced an estimated revenue shortfall approaching $1 billion. K-12 was largely spared; higher education absorbed a disproportionate share — 4 percent this year, then 5 percent for four-year and 3 percent for two-year institutions, plus elimination of a $9.5 million enrollment-growth line item. Idaho Launch took two $10 million cuts.
- **The formula — still unresolved.** The State Superintendent has pushed to direct more dollars to students who cost more to educate. The 2026 Legislature did not act; Senate Education Chairman Dave Lent advanced a proposal for a stakeholder group to draft a rewrite for the 2027 session.

What This Means for REALTORS®

- School quality drives buyer demand and property value — and it is one of the first questions buyers ask. Point clients to objective sources rather than characterizing schools.
- Bond and levy elections translate directly into property tax bills. A district’s levy reliance is a material cost-of-ownership factor and varies substantially across Idaho.
- Enrollment-driven formulas mean growing and shrinking communities face opposite problems simultaneously — capacity strain versus shrinking allocations against fixed costs.
- State assumption of facilities costs is, functionally, property tax policy. Track school finance and the property tax debate together; they are the same conversation.

Sources: Idaho Education News; Idaho State Department of Education; Idaho Legislature FY 2027 Budget Book; Idaho Constitution Art. IX. For member education only — not legal or tax advice. Current as of July 2026 and subject to change.