

MINUTES
SENATE EDUCATION COMMITTEE

- DATE:** Tuesday, February 07, 2012
- TIME:** 3:00 P.M.
- PLACE:** Room WW55
- MEMBERS PRESENT:** Chairman Goedde, Vice Chairman Mortimer, Senators Andreason, Fulcher, Winder, Toryanski, Malepeai, and LeFavour
- ABSENT/ EXCUSED:** Senator Pearce
- NOTE:** The sign-in sheet, testimonies, and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
- MINUTES:** **Chairman Goedde** called the meeting to order at 3:00 P.M. and asked the secretary to take a silent roll. **Chairman Goedde** stated that the agenda will be reordered to have **Karen Echeverria** present **RS 21139** then move to the presentation.
- RS 21139** **Chairman Goedde** welcomed **Karen Echeverria**, Idaho School Board Association (ISBA), to the committee. **Ms. Echeverria** presented **RS 21139**. This issue was brought to the ISBA by the Melba School District. This legislation will affect non-certificated non-contract at will employees in school districts. These employees currently have more grievance rights than do certificated staff. This legislation does not take away these employees grievance rights. Instead it clarifies under what condition a grievance can be filed and how that grievance would be handled when it is filed.
- MOTION:** Having no questions from the committee, **Senator Fulcher** moved, seconded by **Vice Chairman Mortimer**, to send **RS 21139** to print. Motion carried by **voice vote**.
- PRESENTATION:** **Skip Smyser**, Lobby Idaho LLC, presented his client Apangea Learning Inc. and sends greetings from its founder **Lou Picconi** who was unable to attend due to a family death. **Mr. Smyser** also introduced **Glen Zollman**, State Programs Director for Apangea Math.
- APANGEA:** **Chairman Goedde** welcomed **Mr. Zollman** to the committee. He gave his educational background noting that he taught math at the middle and high school levels. It can be a difficult subject and when a student has failed algebra three times, little motivates them to try again. **Apangea** is a math initiative to help give students success as they acquire math skills.
- Using a PowerPoint presentation, **Mr. Zollman** gave the committee an overview as to what Apangea is currently doing in the state. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment #1).
- Chairman Goedde** thanked **Mr. Zollman** for his presentation and then asked for questions from the committee.

Vice Chairman Mortimer asked if Apangea has the figures for participation by age. **Mr. Zollman** replied they are available by grade level. He didn't provide the information today but can get that information to him. **Vice Chairman Mortimer** asked how students are specifically enrolled in this program. **Mr. Zollman** stated that for those districts that are using Apangea, enrollment is done at the district level. At the start of the program, teachers sign up the student right from the classroom. Some districts enroll the entire eligible student population, third grade through algebra one. The target is to enroll the students who are not passing the ISATs. This program is also for those students who excel in math to give them some creative challenges.

Vice Chairman Mortimer asked **Mr. Zollman** to tell him specifically if school districts 91 and 93 are participating. **Mr. Zollman** replied that Bonneville and Idaho Falls have on and off participation and have not been as consistent as they would like, but he continues to communicate with them to increase the offerings.

Senator Andreason asked how this program will work with Superintendent Luna's Student's Come First program. **Mr. Zollman** stated that his program is a separate component of the math initiative component.

Senator Toryanski asked if a student signs up on his own or do they have to be a part of a school classroom that is contracted with Apangea. **Mr. Zollman** said yes, there are a number of places where people can go to get signed up with this program (such as local libraries, the Boys and Girls Club, as well as outreach parent groups PTA/PTO), and there are parent portals for parents to get their child an account.

Chairman Goedde asked how many years Apangea has been in Idaho and **Mr. Zollman** replied this is the fourth year.

Having no more questions, **Chairman Goedde** thanked **Mr. Zollman** for the presentation.

Chairman Goedde introduced to the committee the JFAC documents that **Mr. Paul Headlee** submitted as discussion points for education budget concerns.

**JFAC
BUDGET
DISCUSSION:**

Chairman Goedde spoke to the committee regarding the Joint Finance and Appropriations Committee's suggested budget. He had asked **Paul Headlee** from Idaho Legislative Services Budget and Policy Analysis to give him a list of the decision points that JFAC is going to have to make in regard to the public schools' and the state board's education budgets. **Chairman Goedde** said the committee has those points in their red folders and will be discussing those points today. Next week the committee will come to consensus and will prepare a statement for him to take to JFAC on February 17th.

Chairman Goedde called **Mr. Headlee** to the podium to begin reviewing the public schools' budget decision points. The handouts include the Governor's request and the revised request from Superintendent Luna. The Superintendent's list is based on a 50 support unit estimate growth compared to the 150 support unit estimate when the budget was first submitted in September 2011; that is the main difference.

Mr. Headlee identified nine major decision points for public education and reviewed each with the committee. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment #2).

The first item is in regard to support units. **Mr. Headlee** said \$3.6 million will be needed for growth of 50 support units. That is for salaries, benefits, and there is a component for discretionary funds. **Chairman Goedde** asked if the difference in the Superintendent's original budget of 150 and the new 50 unit resulted in \$7.3 million in the revised budget. **Mr. Headlee** responded yes.

Mr. Headlee continued to review the items on the list. When completed he took questions from committee members.

Chairman Goedde asked if decision point seven maintains the discretionary funds at the level that it was last year and it will take an additional \$5.6 million to give it a 2 percent increase? **Mr. Headlee** replied yes that is correct.

Chairman Goedde asked **Mr. Headlee** to explain item number nine's decision that the budget goes from \$6 million to \$1 million for IDLA. **Mr. Headlee** explained currently in FY 2012 there is \$6 million in the budget for IDLA. The formula was quantified so that there is \$1 million in the base, however, there is also a \$3.5 million floor that is a statute amount.

Chairman Goedde asked assuming that we exceed a 50 support unit increase the money for that comes out of PESF. Is that correct? **Mr. Headlee** replied this is correct, if at the end of the day all the variances come out of PESF. **Chairman Goedde** asked what is the amount in the PESF account. **Mr. Headlee** responded there is \$15.5 million in the account.

Mr. Headlee then reviewed for the committee the ten budgeted divisions in the State Board of Education's budget: agricultural research and extension; college and universities; community colleges; office of the State Board of Education; health education programs; professional technical education; Idaho Public Television; special programs; Superintendent of Public Instruction; and vocational rehabilitation.

Mr. Headlee said there are nine decision points regarding the Governor's requested amount versus the Board of Education's request that have generated the most discussion. Supporting documents related to this testimony have been archived and can be accessed in the office of the Committee Secretary (see Attachment #3).

The second item is occupancy costs for the campus buildings and those other costs to maintain the buildings; janitorial; landscaping; and general up keep. The request is \$6.2 million and the Governor recommended that amount. **Chairman Goedde** asked whether that is for new buildings or existing buildings? **Mr. Headlee** replied that those funds are for both. There is a funding process in JFAC's policy. During the last few years, some of the requests have not been funded. Those continue to show up in the following year's requests. **Vice Chairman Mortimer** asked if Eastern Idaho Technical College (EITC) has foregone some occupancy costs in the past, and if those costs are included in the current figure? **Mr. Headlee** looked in the current budget book and didn't see any requests from EITC for occupancy costs. **Vice Chairman Mortimer** then asked if that number is what colleges and universities requested or is that number the percent the Governor allocated. Would EITC need to make a request? **Mr. Headlee** stated yes, each institution must make a request and it must conform to the JFAC policy.

Regarding item four, **Chairman Goedde** asked **Mr. Headlee** if the HESF had been established. **Mr. Headlee** said yes and there is already about \$400,000 in the account.

Regarding discussion item number six, **Senator Andreason** asked **Mr. Headlee** how the Center for Advanced Energy Studies money is be divided among the three universities. **Mr. Headlee** replied it will be divided in equal amounts for the three institutions.

Chairman Goedde asked if there were any other questions for **Mr. Headlee**. Seeing none, he asked **Mr. Headlee** to stay as the committee discussed the decision points for public schools and higher education.

The committee reviewed the Public Schools Budget line by line. **Chairman Goedde** stated that he understood the Governor's recommendation is to increase the education cut by almost \$30 million. There is \$15 million for 50 support units growth; that target seems unrealistic. He asked **Mr. Headlee** to remind the committee what the increase in support units have been in the last few years. **Mr. Headlee** stated the increase has been anywhere from 140 to 200 support units increase. The actual has come fairly close to that number. This is a significant decrease from what has been appropriated in the past four years.

Vice Chairman Mortimer stated it is his understanding that the reason the Superintendent was comfortable with that 50 versus the 150 is because of the longitudinal system, do they have more accurate information than in the past. This is a substantial decrease. **Mr. Headlee** stated he didn't know the reason for the decrease except the Superintendent felt very comfortable with that number. **Chairman Goedde** called **Mr. Jason Hancock** from the Department of Education to the podium.

Vice Chairman Mortimer asked **Mr. Hancock** to please explain the decrease in the support units being funded. Moving from 200 to 50 seems like a large decrease. He understands that the Superintendent is comfortable with that number but why the decrease.

Mr. Hancock believes that the committee can feel comfortable with the decrease. Part of the reason for seeing less growth there is because of the longitudinal data system that allows the department to catch instances of double counting students. In the past the department was not able to decipher if a student was being counted in two districts. Another factor for the decrease is the slow economy that has hit places like Meridian where growth has leveled. As far as the drop from 150 to 50 keep in mind that this is looking at two years. What is built in the model in September is current's year budget of 150 and another 150 next year for a total of 300 support units for a two year period. Now that it is scaled back to 100 for this year and another 100 for next year, so that would be 200 over a 2 year period. It drops from 300 to 200 in a 2 year time frame. Of the 100 units that are needed next year, 50 of them were unused in the current year's budget. The department expects that they will be making a deposit to the stabilization fund this year to reflect that savings.

Chairman Goedde stated items two and three are already set forth in statute, unless the committee would like to make a recommended statutory change. He asked **Mr. Headlee** if item two is a recommendation from the State Superintendent. **Mr. Headlee** replied item number two amount is required he believed, and the Superintendent has backed the salary based apportionment which is in line number four. That line has a base salary adjustment to counter the decrease.

Chairman Goedde then asked **Mr. Headlee** if this committee were to recommend the salary based apportionment be refilled and recommend the Governor's onetime bonus, then the floor would be the combination of lines two and four. **Mr. Headlee** said yes, those two would net against each other. A recommendation could be for a 2.38 percent increase in the base salaries to counter the negative amount on line two.

Vice Chairman Mortimer asked **Mr. Headlee** if it is true that line item number four recommendation has a contingency on it for revenue numbers. Should that be taken into consideration when the committee makes its recommendation to JFAC. **Mr. Headlee** replied that is correct. The Governor's recommendation was two-part based on revenues. If the state was in need of revenue at the end of the fiscal year 2012 and one-half of whatever the Change in Employee Compensation (CEC) needs would be released. Then if there is any revenue coming up that has been forecast halfway through FY 2013, the other half will be released. Again that is on a one time basis so that is something the committee will have to discuss; should it be one time or ongoing funding.

Chairman Goedde responded that today the revenue projections were released and for the end of January the number is \$6 million higher than the projections.

Chairman Goedde stated that it is his understanding the \$30 million that is earmarked to go to the Public Education Stabilization Fund (PESF) is what is left on the bottom line after everything else is funded. Is that correct? **Mr. Headlee** responded with the public schools budget that is correct. That budget is built on about ten different estimates once those are netted out at the end, then if there is more money it is deposited into PESF.

Chairman Goedde stated to the committee that they will review this one at a time, remembering that there is a backstop of a 50 support unit increase. Is that a reasonable expectation? He said when he stands in front of the Joint Committee he needs to relay this committee's thoughts on the budget. He would like some direction from the committee to formulate that report. Having heard no objections, he said he will go with what has been presented.

Vice Chairman Mortimer replied he does not object but he believes that the members of JFAC do not understand the 50 support units and how we got from 150 to 50 support units. They will need some real explanations from the Chairman. He asked if **Chairman Goedde** could get some help from the Department of Education and **Mr. Hancock** so JFAC understands the change. One hundred unit decrease is pretty difficult to understand.

Senator LeFavour echoed **Vice Chairman Mortimer's** comment. She said it would really be a terrible error if these support unit numbers were wrong. She would like to know for sure that those numbers are right. A mistake could have serious consequences.

Chairman Goedde urged the committee to remember there is a backstop there with PSEF. If the support units come in higher than 50, PSEF will fund that deficit.

Senator LeFavour said the money could be needed as protection if revenue is lower than estimated. Her personal opinion is the units supported should be a little higher. **Chairman Goedde** duly noted her concern.

Chairman Goedde reviewed item number two and related that to line item four. He asked if the committee backfilled with the 2.38 percent would that become an ongoing requirement; and if we were to support the Governor's recommendation that would be one time only. For all intents and purposes that is the difference between number two and four. **Mr. Headlee** concurred with **Chairman Goedde's** observation.

Senator Toryanski said he understood the CEC was separate and distinct from refilling the 2.38 percent. His preference would be to provide some stability and predictability. He said the committee should support the Superintendent's recommendation.

Senator Andreason wondered why doing items two, three, and four would make sense, you either give people an increase or you don't.

Chairman Goedde replied he thought that they were not mutually exclusive. All three could be executed and that was JFAC's preference. They could choose to backload \$18.3 million, keep the pay for performance \$38.8 million, and adopt the Governor's recommendation for a one-time salary bonus. That recommendation would increase money available for educators by 10 percent.

Senator Andreason said he wanted an explanation as to why the committee would do item two and then number three and four. **Chairman Goedde** replied that right now two and three are statutory requirements. So unless we change the statute or use the appropriate JFAC language to change the statute for one year that is what is going to have to happen. Item four is the Governor's recommendation.

Senator LeFavour said she appreciates the backload of \$18.2 million and then proceed with funding the other two enhancements. She would support that recommendation. **Chairman Goedde** replied of course. He just didn't know if Idaho could afford that recommendation. **Senator LeFavour** said remember saving jobs is a plus over tax breaks as it is better for the economy. **Chairman Goedde** duly noted the comment.

Senator Winder weighed in on the CEC, with the one-time versus back-filling salary based apportionment, saying the intent, he believed, is if the committee has the chance, they should try to give money back to the educational system for the salary based apportionments. He personally thinks the committee needs to make a recommendation that the salary-based apportionment is back in the budget so that it is an ongoing salary benefit. He said he does not think that the one-time payment does anything good for the teachers or the districts. Pay for performance is the bonus part of this apportionment.

Chairman Goedde responded to **Senator Winder** that, when he is making the report to JFAC, he will not reference any specific numbers: JFAC has that duty. The Education Committee can recommend the salary based apportionment be backfilled, just not recommend the amount.

Senator Toryanski said, as a former state employee, he would like to see 2.3 percent increase on a more permanent basis. It is much more attractive than a one time 3 percent bonus. He continued by saying the state employees are out there working hard, and for many years, they have not seen an increase in salary and in many cases have been furloughed. This adjustment would be a nice relief.

Chairman Goedde said it is his understanding from this discussion that there is a general consensus for backfilling the salary apportionment.

Senator LeFavour said she agreed that she too heard that support from all the committee members. Ongoing increases, while smaller than the one time, is the best way to proceed.

Chairman Goedde reviewed item three, pay for performance and said this is built into the reform statutes that were passed last year. He asked committee members if they have comments regarding that item. **Senator Toryanski** replied as a body, we approved this measure and it is very important we follow through with the proposal. **Senator LeFavour** believes that there are other places that money could be allocated, however; she does agree the committee should follow through on that segment.

Chairman Goedde said that there is consensus on item number three. Referring to item four he stated that it weaves into item two. He called for comments on item five.

Vice Chairman Mortimer said that it is an interesting request that money be returned to PSEF. That number depends on the support unit numbers, one time funding, and all the items that affect how much can be put back into PSEF.

Chairman Goedde agreed with **Vice Chairman Mortimer** stating that is an item the committee supports but cannot provide a specific number to JFAC.

Senator LeFavour concurred with his statement and suggested that the committee develop a priority list. Her recommendation is that the \$18.2 million be backfilled before the other requests are addressed.

Chairman Goedde agreed. He stated item number six is not the responsibility of the committee. It is a JFAC decision. He commented that item seven would pull discretionary funds from this year and number eight would give a two percent increase to that fund.

Senator LeFavour said she is very concerned about the discretionary funds because districts have been struggling for funds to purchase supplies. She said it is important to fund that line item.

Vice Chairman Mortimer said, from time to time, the committee has discussed when the funds were combined it gave districts flexibility to spend the money as they needed. At some time, this body must address the maintenance issues of the schools. There needs to be some emphasis on maintaining school structures and work to keep them to a standard. **Chairmen Goedde** replied maybe as money becomes available the committee should start looking to reestablish silos of dollars again.

Chairman Goedde addressed item nine, the Idaho Digital Learning Academy (IDLA). He said **Vice Chairman Mortimer** and he have been meeting with House side counterparts, Mr. Hancock, and IDLA representatives, trying to find common ground as how to fund IDLA. He remarked he was unaware of some of the undertakings that IDLA has done through the education system. IDLA is a backstop for school districts when they have questions regarding technology and how to work through tech problems. They are involved in training teachers on online skills and other proficiencies outside the contracted tasks. The dialogue is trying to fund IDLA more or fund them based on a per-class and per-task basis. There is going to be more discussion on that matter and **Chairman Goedde** said as of now, he is not ready to make a recommendation to JFAC. Currently, the group has been meeting twice a week to discover the work of IDLA. When they have better knowledge of the work he will come back to the committee to review the funding recommendations.

Vice Chairman Mortimer commented that IDLA is experiencing overload, which is a new term that he is learning about. IDLA had about 17,000 courses taken last year. Of the 17,000, 10,000 were overload; meaning those classes were in addition to what students would have normally taken during the school day. These were either make-up classes or additional classes but they were basically additional classes above the contracted amount. Adding this scenario to the ADA model, there becomes a payment problem for schools. In regards to IDLA funding and the students' curriculum, this committee needs to think about how those extra 10,000 courses make it possible for students to go to college or technical school and also make-up classes so they can graduate. There is a cost associated to IDLA's significant role to get students through school. The state should be covering part of the cost for overload classes. **Representative Thayne's** bill is addressing this and it is something this committee will be discussing this session.

Chairman Goedde stated that currently the state is charging school districts \$70-\$75 per class for those classes that are within the school day. Some districts have decided to support students by paying for the fee associated with classes taken during regular hours and summer school. Other districts are not paying, thus parents have contributed that fee. In reality if IDLA were to be charging the market amount the cost would be more like \$300. That is the disparity that **Vice Chairman Mortimer** was speaking to when he spoke about overload classes.

The Student Comes First legislation anticipates that classes from IDLA will not be paid for by districts. The Education Committee needs to figure out a way to support IDLA and not have the overload classes be a burden to the districts. The conclusion of the meetings should provide the payment schedule. **Chairman Goedde** should be able to bring those findings back to committee before he presents to JFAC.

Chairmen Goedde then requested the committee to review the nine points of discussion regarding the State Board of Education funding. The Office of Performance and Evaluation suggests equity formulas for the institutions of higher education. **Chairman Goedde** said he does not believe the education committee has the avenue or is the vehicle to pursue trying to bring some equity into the situation. The only way to maybe accomplish equity is with enrollment workload adjustments and occupancy costs. He asked the committee if they had any suggestions for item number one.

Vice Chairman Mortimer said based on the discussions the committee has had he believes by not funding the workload adjustment, it may or may not be fair and equal. The committee knows in order to keep the cost of education down, there is a need for additional funding in order to assist the universities and colleges. He said he believes item one funding is something that the committee should support.

Senator Fulcher agreed with **Vice Chairman Mortimer**. He said this is just a step in the right direction and there will be ongoing discussion about this topic over time. The Governor's recommendation brings funding closer to reality. He said he supports the recommendation.

Chairman Goedde asked for opinions on item number two. **Vice Chairman Mortimer** asked why Eastern Idaho Technical School was not included in the occupancy costs. He said schools are scrambling to get money to build new buildings. In a small way this is an attempt to reimburse the schools and finish some projects. He said he is in support of this item suggestion.

Senator Fulcher asked **Mr. Headlee** about the \$6.2 million in occupancy costs as compared to what? How does this amount compare to prior years? **Mr. Headlee** said each year there is a request from institutions for occupancy costs hovering around this amount. Some years the amount is higher and in some years the amount is lower. This amount is for about 24 different facilities in the institution systems. He said some of the repairs on the list have been on the list for a number of years and there are some new requests on this year's list. **Senator Fulcher** asked if the \$6.2 million is equal with the last year line item cost. **Mr. Headlee** said yes.

Senator Winder stated that a few years ago the committee made a big effort to try to improve the state's institutions' classroom facilities. There was a bonding program which built some nice facilities and provided some excellent classrooms, lab facilities and student amenities. Since that time the state has had difficulty funding the ongoing operation costs. He concluded by saying he feels that this is a good attempt to fill in the gap and it is important that the state take care of occupancy costs.

Chairman Goedde stated that there is consensus with item two. In regards to item three, **Chairman Goedde** asked **Mr. Headlee** if this is the only place in the higher education budget where there would be any funding for salary increases. **Mr. Headlee** said yes.

Senator LeFavour said JFAC has heard colleges and other agencies testify that it has been difficult to maintain employees because of salaries. She believes it is wise to go with the number recommended as faculty has been furloughed and there have not been any raises. The state is losing good teachers.

Vice Chairman Mortimer said one of his concerns is in regards to the 3 percent one-time bonus. It is not that employees don't need it, but he wonders how institution salaries compare with state employees' salaries. He questioned whether the universities and colleges get the same CEC as the state employees. Do the fee and tuition increases result in college employees having less of the salary cap than the state employees? He isn't suggesting that the funds have been used improperly, but would like to know if there is some degree of equity in higher education and state employees' salaries. **Mr. Headlee** said the salary increases at higher institutions have been on hold during the downturn in the economy. This is during the same time period that other state workers have had their salaries on hold.

Senator Fulcher said he shared the concern that **Vice Chairman Mortimer** has with institution salaries. He said, while listening to the university presentations regarding the rise in fees and tuition, no one on the education committee ever asked the University Presidents where the dollars were allocated. He doesn't think a three percent one time bonus should be a committee recommendation.

Chairman Goedde asked **Mr. Headlee** what percentage of higher education expenditures are salary and benefits. **Mr. Headlee** replied he didn't have that information readily available but can get those numbers to him later.

Vice Chairman Mortimer said he did not want anyone to misinterpret his statement. It is not that he doesn't want higher education to get bonuses; he just would like to verify if those salaries have been increased in the past couple of years.

Chairman Goedde asked **Mr. Headlee** to send him information reporting what percentage of institutions' revenue come from tuition sources.

Chairman Goedde said item four can be treated the same way as PSEF for public education. **Vice Chairman Mortimer** asked where item four should be prioritized. **Chairman Goedde** replied fairly low and just fund with what is leftover.

Chairman Goedde asked for comments for item number five. He said he understood this is what College of Southern Idaho and North Idaho College agreed upon. It is an attempt to create some initial equity with the community colleges. The Presidents don't like losing the funds but understand the need. **Mr. Headlee** agreed with **Chairman Goedde's** comment.

Chairman Goedde moved on to items six and seven. He said those dollars were an economic stimulus effort for research institutions and jobs. This additional revenue of \$4 million is for higher education in the area of research. He stated that number nine is out of the committee's realm.

ADJOURN:

Chairman Goedde asked if there were any additional comments regarding these documents. Having none, he adjourned the meeting at 4:36 P.M.

Senator Goedde
Chairman

LeAnn South
Secretary