

MINUTES
HOUSE EDUCATION COMMITTEE

DATE: Wednesday, March 14, 2012
TIME: 8:30 A.M.
PLACE: Room EW41
MEMBERS: Chairman Nonini, Vice Chairman Shirley, Representative(s) Trail, Block (Block), Nielsen, Chadderdon, Shepherd, Wills, Marriott, Thayn, Hartgen, Bateman, Boyle, DeMordaunt, Nessel, Pence, Chew, Cronin
**ABSENT/
EXCUSED:** Representatives Wills and Block (Block)
GUESTS: Karen Echeverria, Idaho School Boards Association (ISBA); Luke Franklin, Meridian Education Association (MEA); Kathy Yamamoto and Bert Marley, Idaho Education Association (IEA); Caitlin Lavelle, Gallatin Public Affairs; Mike Lanza and Maria Greeley, Idaho Parents and Teachers Together; Rob Winslow and Phil Homer, Idaho Association of School Administrators (IASA); Briana LeClaire, Idaho Freedom Foundation; Donna Hutchison, Connections Education; Rachael Raue, Citizen; Garity Angel Glen, Citizen; Marilyn Whitney, State Board of Education (SBE); Victoria Brown, Citizen; Ben Davenport, Risch Pisca; Luci Willits, State Department of Education (SDE); Suzanne Budge, SBS Associates; Kendra Weisenbaker, Meridian Schools

Chairman Nonini called the meeting to order at 8:34 a.m.

H 646: **Rep. Cronin** presented **H 646**, which requires Educational Management Organizations (EMOs) to file annual transparency reports. The State Department of Education (SDE) will then publish the reports online and include a list of all EMOs operating in Idaho, as well as a list of the school districts in which each EMO is operating or is contracted. Rep. Cronin highlighted legislation from previous years that led to **H 646**. He stated that Idaho Code 33-701 requires reporting by a certain date; the reporting date in this legislation matches that existing section of Code. EMOs can be either for profit or nonprofit organizations.

In response to questions, **Rep. Cronin** stated that he is not aware of how many Educational Management Organizations (EMOs) are currently operating in Idaho. He believes that the Idaho Digital Learning Academy (IDLA) and K-12 would be considered EMOs. If the committee has a concern about line 22, subsection b, he is amenable to striking it or sending the bill to General Orders. It is important to ensure that EMOs observe standard practices that are already outlined in Idaho statute. Breaking down expenditures helps create understanding of how certain results are achieved. Teacher contracts are a matter of public record. **H 646** does not require teachers to disclose how they spend their pay; it does require the organizations to disclose their top five expenditures. The requirement for personnel practices is deliberately ambiguous to allow latitude to organizations. A high degree of reporting is required from private companies that deal with transportation and roads operating in Idaho, to ensure that taxpayers are protected. The definition of EMO can be refined. A concern was expressed last year that too much taxpayer money was funding teaching and teachers from outside the State of Idaho. The creation and filing of reports would be done by each EMO. Rep. Cronin believes that posting reports to the internet would take roughly one half hour.

Kendra Weisenbaker, Meridian Schools, representing **Luke Franklin**, Meridian Education Association, stated that Mr. Franklin is **in favor** of **H 646**. Brick and mortar schools are required to be as transparent as possible in reporting and accounting for tax dollars. Schools must report how they utilize the resources they are given, as well as the curriculum they are using and the results of that teaching. She stated that **H 646** simply holds private companies to the same standards of fiscal transparency that Idaho's public schools already use.

Ms. Weisenbaker responded to a question, stating that she has seen many online advertisements attempting to recruit Idaho children into online learning programs.

Mike Lanza, Idaho Parents and Teachers Together, introduced **Maria Greeley**, a parent of four children enrolled in Boise Schools and co-founder of Idaho Parents and Teachers Together. Ms. Greeley stated that educators are highly skilled professionals and that Idaho schools are strong, however, she understands that forward motion is necessary. She said that she **supports H 646** because it seeks to ensure that organizations operating with Idaho tax dollars are transparent. She referenced previous legislation that she stated supports the creation of **H 646**. She stated that having an open and transparent accounting system will provide a foundation to develop trust and provide necessary information to schools, parents and students. She stated that she likes to think of this bill as a "Buy Idaho bill" for Idaho's education system.

Mike Lanza, Idaho Parents and Teachers Together, stated that he believes it is important that his voice and the voices of other Idaho parents and students are heard. He stated that his organization was formed as a response to the concerns of Idaho parents and teachers. He stated that nearly 2,000 people from across the State of Idaho have expressed that they want to see their tax dollars spent in ways that benefit Idaho's students and schools. School districts are required to post expenditure reports online. **H 646** merely requires Educational Management Organizations (EMOs) operating in Idaho to follow that same standard. Textbook providers are offering materials used within an existing curriculum. Bus service providers assist in transporting students so that they can receive and utilize curriculum. He believes that neither falls into the EMO category and neither would be required to follow the new requirements set forth in **H 646**.

In response to questions, **Mr. Lanza** stated that Idaho's taxpayers should understand how their money is spent. He stated that parents are interested in offering the best possible education to Idaho's school children. He stated that determining which Educational Management Organizations (EMOs) provide the best service can only be done when all the information is available. Measuring student achievement is important, however, requiring fiscal transparency is also important for taxpayers.

In response to a question, **Maria Greeley**, Idaho Parents and Teachers Together, stated that having transparency across the board is important.

Luci Willits, State Department of Education (SDE), responded to questions. She stated that "course curriculum" as stated in **H 646** does include textbook companies. Currently districts decide which textbooks and supplemental resources to use. There will be changes with the introduction of online courses. The SDE receives student achievement results but does not know which EMOs are being used by districts. She said that clarity is needed. Course curriculum and online companies are different. Currently any entity that offers a course to an Idaho student must have an Idaho certified teacher. When Students Come First was introduced, the SDE stated that they would not require districts to provide additional information.

Rep. Hartgen made a motion to **HOLD H 646** in committee.

**ORIGINAL
MOTION:**

Mike Lanza, Idaho Parents and Teachers Together, responded to additional questions. He said that the intent of the bill is not to include textbook providers and bus service providers. **H 646** requires online providers to be clear about what they are spending. The Federal Government requires military contract providers to itemize expenses. He said there is a distinct difference between an Educational Management Organization (EMO) and a textbook provider. Idaho Parents and Teachers Together is a grassroots group that formed last year as a response to Students Come First. There are members across the State.

Luci Willits, State Department of Education (SDE), responded to additional questions. She said that she believes the United States Department of Education would be involved if an online provider ran a school that had Title 1 or special education students, but this is really a local issue.

Briana LeClaire, Idaho Freedom Foundation, stated that the Idaho Freedom Foundation was founded to help increase transparency for taxpayer dollars. She said that districts and public charter schools are already required to enumerate how their curriculum lines up with certain standards. Education spending takes more than half of Idaho's budget. November 2011, the Boise School District sent \$981,000 to First Student, a company based out of Chicago. She believes it is a busing company. The Meridian School District recently sent \$250,000 to Idaho Power. Local districts' spending is a matter of public record. She said that **H 646** requires Educational Management Organizations (EMOs) to report directly to the House Education Committee, and opens the door for many private companies to be required to report to their related legislative committees. She offered the distinction between public schools, which are government run, and private organizations.

Bert Marley, Idaho Education Association (IEA), read testimony from an Idaho citizen who stated that she was formerly a teacher with K-12, which is a for profit virtual academy based in Virginia. She worked for Sandpoint Charter School before accepting a position with the virtual school K-12. During her third year, K-12 went public with stock options and the environment drastically changed. In a short period of time, her student load doubled, and it was almost impossible to manage her work. She worked 12 hour days and most weekends. The principal was accountable to K-12's corporate offices as well as to the State of Idaho, and sometimes the requirements were in conflict. She worked under a yearly contract and felt expendable. She said that online schools are detrimental to students; there is a lack of relationships and personal interaction. She began to believe that her work was unethical, as quotas and money were more important than students. She does appreciate the Idaho Digital Learning Academy, which she says provides necessary courses. She is afraid that corporations "like K-12" will take over Idaho.

Rachael Raue, former school board chairperson and parent, representing herself and her children, stated that because Educational Management Organizations (EMOs) receive taxpayer dollars, they should maintain the same transparency as public schools. She **supports H 646**.

Victoria Brown, citizen, responded to previous testimony regarding K-12, saying that accusations have neither been proved nor disproved. She said that if data is not collected on spending, decisions cannot be adequately made. She stated that cost and results are two important factors involved in deciding whether to use companies. She said that **H 646** is "probably a good bill" and that it "has a couple of bugs that need to be worked out".

Donna Hutchison, Connections Education, briefly outlined her company. Inspire Connections Academy is an online public charter school. All teachers are Idaho residents and are certified to teach in Idaho. Annual reports are made to the Public Charter School Commission. All transactions including monthly expenditures and vendor contracts are made public. She stated that **H 646** is redundant and certain requirements of the bill already exist. She is **opposed** to **H 646**.

Rep. Cronin stated that **H 646** attempts to extend measures of accountability that already exist. Reports are available on every expense of Idaho's school districts. Quality is already measured and is being addressed, however, all Idaho school districts, regardless of quality of performance, are required to be fiscally transparent. This bill asks other providers in Idaho to meet the same standard. There is concern in Idaho about using Educational Management Organizations (EMOs) to educate Idaho's children. **H 646** seeks to level the playing field when it comes to expenditures.

Rep. Hartgen spoke to his motion to **HOLD H 646** in committee. He stated that he does appreciate transparency, but believes that despite the good motive, the bill is flawed.

SUBSTITUTE MOTION:

Rep. Chew made a substitute motion to send **H 646** to General Orders with an amendment as follows: strike line 22.

ROLL CALL VOTE ON SUBSTITUTE MOTION:

Chairman Nonini called for a vote on the substitute motion to send **H 646** to General Orders with an amendment to strike line 22. **Rep. Chew** requested a roll call vote. **Motion failed by a vote of 3 AYE, 12 NAY, 3 absent/excused. Voting in favor of the motion: Reps. Pence, Chew and Cronin. Voting in opposition to the motion: Reps. Shirley, Nielsen, Chadderdon, Shepherd, Marriott, Thayn, Hartgen, Bateman, Boyle, DeMordaunt, Nettet and Nonini. Reps. Trail, Block and Wills were absent/excused.**

VOTE ON ORIGINAL MOTION:

Chairman Nonini called for a vote on the original motion to **HOLD H 646** in committee. **Motion carried by voice vote. Reps. Pence, Chew and Cronin** requested to be recorded as voting **NAY**.

RS 21474:

Karen Echeverria, Idaho School Boards Association (ISBA), presented **RS 21474**. She stated that this legislation revises a portion of **S 1108** (2011) pertaining to liability insurance for public school educators. The revisions provide clarity on the type of provider shown on the list that is given to educators; this will reduce an administrative burden on school districts.

MOTION:

Rep. Thayn made a motion to introduce **RS 21474. Motion carried by voice vote.**

RS 21526:

Chairman Nonini presented **RS 21526**, which provides an additional year for local school districts to forego their building maintenance match contribution. Waivers have been given in the past, allowing additional time. This one-year leeway allows school districts to use money as necessary.

MOTION:

Rep. Bateman made a motion to introduce **RS 21526**.

Chairman Nonini responded to questions. He stated that deferred maintenance could be problematic, however, districts have indicated a need for some flexibility. Questions can be answered at a bill hearing if **RS 21526** is introduced.

VOTE ON MOTION:

Chairman Nonini called for a vote on the motion to introduce **RS 21526. Motion carried by voice vote.**

RS 21307C1: **Chairman Nonini** presented **RS 21307C1**, which would provide a credit on state income tax to individuals and corporations that make donations to Scholarship Granting Organizations (SGOs) that provide scholarships to qualified K-12 students attending approved schools. The credit would be 100% for individuals and 50% for corporations. He referenced the difficulty faced by many Idaho families who have had children in private schools but have, due to job loss or other economic factors, been forced to withdraw their children from private schools and enter them in public schools. This proposed legislation would assist Idaho's families to have more freedom of choice in education. A positive fiscal impact is anticipated, as more students attending private schools would mean fewer public school students using public education dollars. Chairman Nonini referenced Arizona, where this tax credit already exists. Arizona has seen a positive fiscal impact. He outlined scholarship eligibility and projected enrollment, as well as the duties and responsibilities of the State Department of Education and schools.

MOTION: **Rep. Bateman** made a motion to introduce **RS 21307C1**.

In response to questions, **Chairman Nonini** stated that if **RS 21307C1** is introduced, he does not know whether it would be heard in this committee or in the House Revenue and Taxation Committee.

VOTE ON MOTION: **Chairman Nonini** called for a vote on the motion to introduce **RS 21307C1**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:32 a.m.

Representative Nonini
Chair

Mary Tipps
Secretary