

MINUTES  
**HOUSE EDUCATION COMMITTEE**

- DATE:** Monday, February 18, 2013
- TIME:** 9:00 A.M.
- PLACE:** Room EW41
- MEMBERS:** Chairman DeMordaunt, Vice Chairman Nielsen, Representatives Shepherd, Wills, Bateman, Boyle, Agidius, Clow, Gestrin, Harris, Horman, Mendive, VanOrden, Pence, Kloc, Ward-Engelking
- ABSENT/  
EXCUSED:** Rep. Doyle
- GUESTS:** Kevin Jensen, College of Western Idaho; Curtis Eaton, Marilyn Whitney, Tracie Bent, and Mike Rush, State Board of Education; Karen Echeverria, Idaho School Board Association; Rob Winslow and Phil Homer, Idaho Association of School Administrators; Harold Ott, Idaho Rural Schools Association; Penni Cyr and Bert Marley, Idaho Education Association
- Chairman DeMordaunt** called the meeting to order at 9:01 a.m.
- MOTION:** **Rep. Kloc** made a motion to approve the minutes of February 12 and February 14, 2013 with the exception of deleting the word "session" on the motion approval line of the February 14 minutes. **Motion carried by voice vote.**
- H 177:** **Rep. Luker** explained **H 177** was brought to the committee by way of the treasurer's office regarding the Idaho College Savings Plan, the 529 Program. He said the Idaho College Savings Program Board would like some flexibility dealing with funds. Rep. Luker noted that much of the language had been stricken to bring clarity and to simplify the statute.
- In response to a question regarding the support of all parties involved, **Rep. Luker** stated there had been no dissent. Regarding the discharging of staff and the savings to the 529 Program, Rep Luker deferred to **Jace Perry**, Investment Accountant, Office of the State Treasurer, Chairman of the Board for the Idaho College Savings Plan. He said the college savings program was pretty young and as those programs have gotten larger, the cost of the program has lowered, giving investors high yield. He explained the hiring of independent companies to administer the program. He noted with the proposed legislation, Idaho could look into running an "in house" program and/or partnering with established PERSI, discharging some of those companies. The benefit to the 529 Program would be the savings in administration of the program. He said there was currently \$250 million in savings; New York and Utah have the largest investment in college savings in the nation with a lower cost to the investor.
- Rep. Clow** invoked Rule 38 stating he has 529 Plans for his grandchildren, but he would be voting on the legislation.
- To further questions from the committee, **Mr. Perry** explained partnering with PERSI would be through collaboration and not pooling of funds. Mr. Perry said the "board" is the Idaho College Savings Program Board which administers the 529 Program. He also said the board could expand the investment options. The proposed legislation is to make the statute easier to understand and provide it at a lower cost.
- MOTION:** **Rep. Horman** made a motion to send **H 177** to the floor with a **DO PASS** recommendation.

Responding to further questions from the committee, **Mr. Perry** said there were 11,000 investors in the 529 Program. He said the competitive nature of the type of investment organization would act as a check to discourage building a bureaucracy within the state savings board and plan administration. He noted it would be difficult to reduce costs to those of New York and Utah. He said the proposed legislation could cut the present costs by 50 percent.

**VOTE ON MOTION:**

**Chairman DeMordaunt** called for the vote on the motion. **Motion carried by voice vote. Rep. Luker** will sponsor the bill on the floor.

**H 163:**

**Karen Echeverria**, Director, Idaho School Boards Association, presented **H 163** to the committee. She explained the legislation would change contract delivery to electronic mailing of teacher contracts if the employee has not responded by a certain date, and to an additional US Post Office mailing if the deadline was not met.

**Penny Cyr**, President, Idaho Education Association, stated the IEA had agreed upon the legislation.

**MOTION:**

**Rep. Kloc** made a motion to send **H 163** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Horman** will sponsor the bill on the floor.

**S 1027:**

**Marilyn Whitney**, Chief Communications and Legislative Affairs Officer, Idaho State Board of Education, presented **S 1027** to the committee. She explained the legislation adds to and amends existing law relating to education scholarships. It establishes the Idaho Opportunity Scholarship Program, and provides for the Opportunity Scholarship Program account. It will also provide for an evaluation and establish provisions relating to scholarship program reporting requirements. Ms. Whitney said six previously offered scholarships had been channeled into one.

Responding to questions from the committee, **Ms. Whitney** explained the bill would not provide loan forgiveness for nurses and teachers. She said, after careful study, the scholarship programs committee determined that it was a better use of state funds to redirect funding to a hybrid scholarship that addressed both student need and merit and supports the state's 60 percent completion goal. She noted that instead of giving some 7,000 students smaller scholarships of \$200-\$400. The scholarship recipients could receive as much as \$2,000. She explained the Idaho Opportunity Scholarship would be based 70 percent on economic need and 30 percent on merit. The recipient would have to have a 2.5 GPA to apply, and students could keep the scholarship throughout their college career. After the first year, the scholarship will be renewed for another year if the student meets performance measures including maintaining a 2.5 GPA and completing a minimum number of credits.

**Ms. Whitney**, responding to additional questions from the committee, stated most institution scholarships are merit based. She told the committee a report developed by the University of Idaho shows that of the scholarships granted by the public higher education institutions, \$18.2 million is given in merit based aid, while \$4.3 million is given in need based aid.

**Curtis Eaton**, Special Assistant to the President, College of Idaho, explained that the scholarship modifications were completed under the guidelines and research data supplied by the Western Interstate Commission for Higher Education (WICHE). He said the key focus of the program is to provide students incentives to continue with their education. He said in previous years, the small amount of scholarship monies would get high school graduates into college but was not enough to help them finish. He added that most of Idaho's middle class are closer to the poverty level, which brings those students into the need based range. He also said federal guidelines will not apply to the Idaho Opportunity Scholarship, but "shared responsibilities" is being added to all scholarship requirements, both state and federal.

**Kevin Jensen**, Financial Advisor, College of Western Idaho, told the committee the Rules governing the change in Idaho Code pertaining to the Idaho Opportunity Scholarship are still being drafted.

**MOTION:** **Rep. Clow** made a motion to send **S 1027** to the floor with a **DO PASS** recommendation.

**Rep. Horman** said she would support the legislation to go to the floor, but stated she may oppose the bill on the floor. **Rep. Nielsen** opposed the bill stating that a 2.5 GPA was not a sufficient measurement for predicting student success. **Chairman De Mordaunt** said the Rules should "shed light" on the details of the scholarship.

**VOTE ON MOTION:** **Chairman DeMordaunt** called for a vote on the motion. **Motion carried by voice vote.** **Reps. Neilson** and **Harris** requested that they be recorded as voting **NAY**. **Rep. Clow** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 10:31 a.m.

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Representative DeMordaunt  
Chair

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Jean Vance  
Secretary