

MINUTES
SENATE EDUCATION COMMITTEE

- DATE:** Thursday, January 28, 2016
- TIME:** 3:00 P.M.
- PLACE:** Room WW55
- MEMBERS PRESENT:** Chairman Mortimer, Vice Chairman Thayn, Senators Nonini, Patrick, Souza, Den Hartog, Anthon and Ward-Engelking
- ABSENT/ EXCUSED:** Senator Buckner-Webb
- 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.
- CONVENED:** **Chairman Mortimer** called the meeting of the Education Committee (Committee) to order at 3:00 p.m. and asked the secretary to take roll. **Chairman Mortimer** called for the reorder of the agenda and moved the minutes approval to the beginning of the meeting.
- MINUTES APPROVAL:** **Senator Nonini** moved to approve the Minutes of January 13, 2016. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.
- MINUTES APPROVAL:** **Senator Den Hartog** moved to approve the Minutes of January 14, 2016. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.
- PRESENTATION:** **Dr. Robert Kustra**, President, Boise State University (BSU), introduced his colleagues and presented an overview of the demographics of the BSU student population. He emphasized that 39 percent of the 2015 freshman class are first-generation college students. He also indicated that BSU is working on a new designation to incorporate the growing geographic area that makes up the BSU campus.
- Dr. Kustra** then spoke about the Governor's education package, making note of the cost effectiveness of higher education in Idaho compared to the national average. He remarked that the Governor's education plan addresses how to keep education in Idaho accessible and affordable, in the form of the tuition lock program; he added that Idaho competes with surrounding states in terms of comparative tuition rates, and that the tuition lock program will help attract prospective students to Idaho.
- Dr. Kustra** illustrated how BSU is working with employers to determine how to better align specific degree programs with needs of local industry. He emphasized the creation of non-traditional pathways to learning as a way to help ensure employable degrees, citing the College of Innovation and Design (CID) as an example. **Dr. Kustra** introduced Gordon Jones, Dean of the College of Innovation and Design and provided a brief summary of his professional background.
- PRESENTATION:** **Mr. Jones** highlighted two trends that he believes helped facilitate the creation of CID and foster innovation in higher education in general, which include rising rates of tuition and the influence of technology. He commented that rising rates of tuition have caused an economic rational mind-set that propels people to consider the potential economic gains versus costs of attending college. **Mr. Jones** also commented that technology, both how it is utilized in the classroom and at the institutional level, will influence innovation and change in higher education. He then detailed implications of these trends and how they will affect higher education in the future.

Mr. Jones emphasized that CID was borne out of these trends and is a unique institution that offers new pathways of learning that yield skills to meet emerging workplace needs. He outlined the work of CID, which creates innovation within the university, unlocking structural and cultural impediments by creating new areas of study, and connecting to the community and local industry.

Vice Chairman Thayne commented that there may be more effective ways to foster future innovation and effective working relationships with local industry. He indicated that these issues provide an opportunity for a policy discussion. **Mr. Jones** replied that there exists a duality to the opportunities for innovation, between the ability to pinpoint the explicit needs of employers and predict emerging needs and skill sets.

Senator Nonini asked Mr. Jones his age, to which **Mr. Jones** answered 46. **Mr. Nonini** followed up by commenting that change within the educational community has been rapid, and the Legislature is not always quick in its response. **Mr. Jones** replied that he has discovered that Idaho is a growth story and will continue to grow; the question is how to preserve the Idaho lifestyle but also adapt to change and ensure continued innovation.

Senator Thayne stated he is not opposed to anything the Governor has proposed but wondered if the Governor's recommendations are innovative enough. **Dr. Kustra** explained the tuition lock is not an innovative idea; other states have implemented it and saw their enrollment increase.

PRESENTATION: **Marilyn Whitney**, Senior Special Assistant for Education and Government Services, Governor's Office, presented "Investing in Idaho: K - Career," which details the Governor's recommendations for education funding fiscal year (FY) 2017. She provided to the Committee a handout outlining the programs and funds the Governor recommended be allocated to each. **Ms. Whitney** detailed funding amounts and the reasoning in the following areas:

- Career Ladder
- Restoration of Operational Funding
- Literacy Proficiency
- Teacher Professional Development
- Classroom Technology
- Broadband Connectivity
- Wireless Infrastructure
- College and Career Advising
- Mastery-Based System Planning and Assessments
- Average Daily Attendance (ADA) Stability and Mobility
- STEM Action Center
- Higher Education

Ms. Whitney directed the Committee to look at the information regarding the State's Education Goal that 60 percent of Idahoans ages 25 to 34 hold a postsecondary certificate or degree by the year 2020. She explained the college enrollment and completion rate in the past two years has declined. She said the Governor's office has a sense of urgency to find solutions to reverse the trend. **Ms. Whitney** asserted that to attain the 60 percent by 2020 there must be 5 percent more student graduating college each year. That will take an investment.

Ms. Whitney detailed the programs and funding amounts for the Governor's Higher Education Initiatives. Those initiatives are the following: Professional Technical Education (PTE) post-secondary capacity expansion, Opportunity Scholarship, Idaho Completion Scholarship, Higher Education Stabilization Fund (HESF) for Tuition Lock, HESF for Eastern Idaho Community College, enrollment workload adjustment offset, Complete College Idaho, Idaho Nuclear Laboratories (INL)/BSU Cybersecurity Program, and WWAMI seats. (attachment 1).

Vice Chairman Thayne stated the money is there to help students go to college, but the attitude is not there. He asked how the Governor's office can ensure the programs will work to get to the 2020 goal. **Ms. Whitney** replied the past research from Legislative Services and other state entities, reported there is an education gap between male and female populations and in under represented populations. The research also indicates that finances are the biggest barrier that students face in pursuing higher education. As a result of the research, scholarships have been developed but none of the scholarships are full-ride scholarships. She stated these are gap scholarships that help students fill the gap between need grants and other funding options.

Senator Ward-Engelking asked if the plan to boost education funding to the 2009 level will accommodate the 2016 needs. **Ms. Whitney** reminded the Committee the Governor's Task Force recommended restoring the operational funds over a five-year period. What Superintendent Ybarra requested and the Governor recommended is to restore that money within three years. She said significant amounts of money have been used in other educational areas with the objective of meeting the 2016 needs.

Senator Ward-Engelking stated that the money recommended for mentoring is a key piece for teacher retention. She asked if there is enough money to bring current teachers up-to-date on all the new technology and curriculum. **Ms. Whitney** clarified that the technology funding recommendation will also go toward teacher professional development.

Senator Souza asked if the declining "go-on to college" rates and the completion rates include skill certification. **Ms. Whitney** said in part in does. She explained that if the certification is from an industry and not a school, the state doesn't have that data. Currently, the only data captured is from the institutions.

Senator Nonini asked if the state is saving money since the dissolution of the Idaho Education Network (IEN). **Ms. Whitney** replied in the affirmative. There have been some savings realized.

RS 24015 **Blake Youde**, Chief Communications and Legislative Affairs Officer, State Board of Education (SBE), presented **RS 24015**, which updates the reference to the federal program regulating vocational rehabilitation programs in § 33-2301, Idaho Code. Specifically, it updates the reference to the "Workforce Innovation and Opportunity Act of 2014."

MOTION: **Senator Nonini** moved to print **RS 24015**. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**.

S 1208 **Mr. Youde** presented **S 1208**, which clarifies the qualifications of the Armed Forces and Public Safety Officer Scholarship and provides consistency by specifying what entity determines eligibility. **S 1208** also amends the responsibility for investment management of the Opportunity Scholarship Fund by providing the option to move responsibility from the State Treasurer to the Endowment Fund Investment Board (EFIB) contingent on which option would provide the greatest long-term investment.

Senator Ward-Engelking asked if there were more than 11 students who qualified for the Armed Forces and Public Safety Officer Scholarship but did not receive funding. **Mr. Youde** responded that he was not aware of any students who qualified but were not awarded the scholarship.

Senator Anthon asked how professional managers of EFIB funds were compensated. **Mr. Youde** asked Larry Johnson, Manager of Investments, EFIB, to reply. **Mr. Johnson** indicated that EFIB investment authority is delegated to external managers. **Senator Anthon** followed up by asking if professional fund managers earn a percentage share. **Mr. Johnson** replied that managers are typically compensated as a percentage of funds, and such fees are charged to the investor.

Vice Chairman Thayn asked if there is a difference in risk between the investments of the two funds, to which **Mr. Johnson** replied in the affirmative. He explained EFIB typically chooses investments for perpetual funds that result in long-term return but are subject to market fluctuations.

Senator Nonini sought clarification regarding risk, specifically whether changes would result in higher risk activity by EFIB. **Mr. Johnson** responded that it is possible that long-term investments in the equity would experience periods of loss; however, a conservative distribution policy is established that is adjustable by EFIB in times of market fluctuation or instability.

Senator Anthon sought clarification on liquidity – specifically, when choosing long-term investment, how funds are diversified. **Mr. Johnson** replied that when examining potential investments, the liquidity needs of clients are examined and investments are oriented to meet those needs. He noted that the legislation allows funds to be managed by the State Treasurer, and those funds tend to be liquid and available for distribution without fear of loss.

Senator Nonini asked if there was a difference in definition of "totally and permanently disabled" between Social Security and the Public Employee Retirement System of Idaho (PERSI). **Mr. Youde** replied in the affirmative. **Senator Nonini** asked for specific differences, noting that in his experience in the private insurance industry, it is difficult under Social Security rules to meet the criteria of "totally and permanently disabled." **Mr. Youde** referred the question to Tracie Bent, Chief Planning and Policy Officer, SBE.

Ms. Bent reported that each agency has separate standards for what is considered "totally and permanently disabled", and that she would gather the specific standards and report back to the Committee.

Chairman Mortimer asked if the eligibility of benefits for disabled public safety officers is determined by PERSI. **Ms. Bent** replied in the affirmative.

Senator Nonini asked Chairman Mortimer to consider postponing a motion on **S 1208** until clarification is provided. **Chairman Mortimer** stated that **S 1208** will be held until the questions are resolved.

ADJOURNED: There being no further business, **Chairman Mortimer** adjourned the meeting at 4:39 p.m.

Senator Dean M. Mortimer
Chair

LeAnn Mohr
Secretary