

LEGISLATIVE COUNCIL INTERIM COMMITTEE
COMMUNITY COLLEGES

Joint Finance-Appropriations Committee Room 328
State Capitol, Boise, Idaho
June 19, 2006

MINUTES

(Subject to approval by the committee)

The meeting was called to order at 9:30 a.m. by Co-chair Representative Darrell Bolz. Other members present were: Co-chair Senator John Goedde, Senators Dean Cameron, John Andreason, Joe Stegner, Bart Davis, Patti Anne Lodge, Brad Little, David Langhorst, and Representatives Jim Clark, Julie Ellsworth, Leon Smith, Ann Rydalch, Marge Chadderdon, Donna Boe, and John Rusche. Senator Edgar Malepeai and Representative Larry Bradford were absent and excused. Staff present were Maureen Ingram, Matt Freeman and Charmi Arregui.

Others present were Dr. Michael Rush, Division of Professional-Technical Education; Mr. Dwight Johnson, State Board of Education; Ms. Lori A. Fisher and Chris Latter, J.A. and Kathryn Albertson Foundation; Dr. Robert Kustra and Ross Borden, Boise State University; Dr. Bruce Schultz and Mr. Eric Ellis, Treasure Valley Community College, Caldwell; Dr. Bill Bach and Jeannette Duwe, University of Phoenix, Idaho; Mr. Steve Ahrens and Teresa Molitor, Idaho Association of Commerce and Industry; Mr. Ray Stark, Boise Metro Chamber of Commerce; Ms. M. C. Niland, Nampa Chamber of Commerce; Mr. Scott Gipson, Caldwell Chamber of Commerce; Scott Hamilton, Eastern Idaho Technical College; Joshua Palmer, The Times-News; Aldred "Al" Ames; Stacy Pearson and Sona Andrews, Boise State University; Bree Wildman, Intern for Congressman Otter; Dan Harrington; Brian Dickens, ICL/OST/Star EDC; Skip Smyser and Scott Pugrud, Connolly & Smyser, Ctd.; Dan Chadwick, Fred Tilman, Kerry Ellen Elliott, and Kelci Karl, Idaho Association of Counties; Representative Steve Smylie; Rodney Jack, Greater Idaho Falls Chamber of Commerce; Mike Reynoldson, Micron; Sam Byrd, CCJ; Norris Krueger; Lyn Darrington and Emily Anderson, The Gallatin Group; Dr. Gerald Beck, College of Southern Idaho; Kent Probst, North Idaho College; Tom Ryder, J. R. Simplot Co.; Trudy Andersen, University of Idaho; Jennifer Pirtle, City of Boise; Krissa Wrigley, Northwest Research Group; William E. Bella; and Guy Hurlbutt, Idaho Business Coalition for Excellence in Education.

Co-chair Representative Bolz called the meeting to order and said that the task before this committee is not an easy one, especially looking back at what occurred during the previous legislative session. The primary issue will be funding of community colleges, how to make education accessible to students, how to equitably fund colleges now as well as in the long term. The committee will have to examine the cost of new "bricks and mortar," whether to use existing facilities or structures within communities, what community colleges should look like both short-term and long-term, as well as academics, remediation (or a combination of both), and life-long learning. The challenge to examine these issues is the task for this committee, and he encouraged the committee to listen intently so that they could formulate their recommendations at the end of these interim committee meetings.

Dr. Michael Rush, State Administrator, Division of Professional-Technical Education, spoke on

the “History of Community Colleges in Idaho and Summary of Previous Studies.” **Dr. Rush** referred to his copies of past studies and noted they are available for interested parties.

Before beginning his report, **Dr. Rush** informed the committee that two students were recently recognized by the National Director’s Association of the Career and Technical Education (CTE) Association as the top secondary and post-secondary students in the nation. Both students, Kevin Tucker and Cindy Kuhn, are from Idaho.

The first community college in the nation, Joliet Junior College, was founded in Joliet, Illinois, in 1901. It was not until 1947 that the Truman Commission recommended that the U.S. have a network of public community colleges to provide services to a diverse group of students at little or no cost. The national community college network exploded in the 1960s with 457 community colleges, and currently there are 1,100; if you count branch campuses, there are over 1,600 throughout the U.S. These community colleges are geared to local needs, provide open enrollment, low tuition and there are no time limits on classes or degrees. They provide priority for students transferring to four-year schools and the teachers are dedicated to teaching smaller classes, which are advantages to these students. **Dr. Rush** showed a picture from early Idaho history, the Solicitors’ Club, which provided early funding for North Idaho College, pointing out that every school in Idaho (except one), in some way started as a community college, at least providing some component of community college services.

Dr. Rush gave a brief history of Idaho’s community colleges as well as the studies that have been conducted and their recommendations. The earliest study was done in 1946, which recommended the elimination of two schools, and they were closed in 1951. In 1952, a survey recommended that Twin Falls establish a community college, and in 1963 there was a proposal for a vocational program for the state of Idaho. Idaho State College, Boise Junior College and North Idaho Junior College were designated as area vocational schools in 1963. The State Board established policies for area vocational schools in 1964 and schools were added in Twin Falls and Lewiston in 1965, as well as in Idaho Falls in 1970.

With regard to more recent studies on community colleges, one of the two major studies in the state was the Idaho Task Force on Higher Education, commissioned by the Idaho Association of Commerce and Industry (IACI) in 1983.

The next study was the Governor’s Task Force on Education for the 80’s; there was a Task Force on Vocational Education for Southwest Idaho in 1984; some analysis was done by the Legislative Budget Office in 1985 on Junior Colleges in Idaho; there was a Committee on Postsecondary Education in Southeast Idaho in 1989; a Legislative Council Committee on Community Colleges in 1990; the Mayor’s Community College Committee of Idaho Falls and Bonneville County in 1991; the National Center for Higher Education Report in 1995; a national study on the State Governance and Community Colleges in 1998; the Community College Development Subcommittee in 1998, and now this 2006 Legislative Council interim committee.

Dr. Rush briefly summarized those studies and highlighted the recommendations of each. (A copy of this is available in the Legislative Services Office.) He pointed out that state funding for academic programs at community colleges has actually dropped from over 50% to 39% and that includes state liquor funds, so at one point in the 1970s the community colleges were funded at a higher level by state funds.

Dr. Rush stated that a very thorough study was done in 1990 by the Legislative Council Committee on Community Colleges, and it recommended that community colleges be established in six areas; that 85% funding be provided by the state; it addressed separating community college functions; it reviewed entrance and retention requirements; it recommended additional state funding; it explored alternatives to the property tax (such as local option taxes or carbonated beverage tax); and it recommended creation of citizen councils. These recommendations were very similar to the IACI study done in 1983, with more specificity on funding.

Dr. Rush referenced the 1998 State Governance and Community Colleges national study and noted this was not directly done in Idaho, but he emphasized that if the committee is interested in the political machinations that surround the kinds of decisions the committee will be making, he thought this was an excellent summary of both the issues that drive change and the recommendations that need to be paid attention to in order to effectively initiate change. The guidelines that this study cited were to make the kinds of changes that Idaho is considering: identify clear goals and objectives; identify specific problems driving change; determine if reorganization is the best solution; examine relative costs of reorganization; balance state, societal and institutional needs; distinguish between state coordination and institutional governance; and examine the total policy structure and process, including how the Legislature and the Governor's Office interact with this (not just the institutions) and the State Board of Education.

Dr. Rush concluded that in 1998 the Community College Development Subcommittee, initiated by the State Board of Education, was the last study conducted. This study identified services needed; identified critical characteristics such as market driven, accessible, open admissions, low cost, performance based, flexible and responsive – particularly to industry.

Senator Cameron asked **Dr. Rush** to walk the committee through funding for professional-technical education and how that money is allocated throughout the state. **Senator Cameron** added, “ In essence, there have been some community college efforts statewide through your office, and in the last several years there have been dramatic increases in higher education funding and public school funding; your level has not kept up with workload adjustment like those others have.” It seemed to **Senator Cameron** that this might be an area this committee may want to consider if, in fact, it is desirous of community college funding. **Dr. Rush** confirmed that they could, indeed, use more money, adding that professional-technical education is funded by the Legislature as a single budget request and that is based, as most are, on a base plus system; however, they do have a formula they use called “capacity building” and that formula is a workload adjustment formula except that it is much more extensive in that it drives money to institutions that are not only increasing enrollment but also can demonstrate certain efficiencies. Significant, additional amounts of money are being driven to those institutions that have the highest growth and have maintained the highest level of efficiency. The post-secondary professional-technical college budget is fairly significant, around \$40 million, and there have been decreases in funding since 2001, at least in funding per student. In order to get back to the 2001 levels, they would probably need about \$2 million. **Senator Cameron** asked, “Out of the \$40 million, could you quickly identify how that money is allocated across the state to the institutions of higher learning?” **Dr. Rush** answered that **Matt Freeman** would be covering that specifically in the next presentation.

Representative Bolz expressed his interest in what percentage of the community college budgets in

Idaho right now is actually used by professional-technical education versus for academic credits. **Dr. Rush** agreed to get that information for the committee. **Representative Rydalch** asked if it is important to designate and separate professional-technical funding from any other funding so that an institution would not lose federal funds. **Dr. Rush** answered that they do have to be able to track funding in order to maintain integrity of the federal funds since the federal government requires a “maintenance of effort” requirement and that the money be spent on professional-technical education. He admitted that sometimes professional-technical education gets pushed to the side in the academic world, in terms of other priorities; however, he emphasized that at our community colleges, there has been tremendous support for professional-technical education.

Mr. Matt Freeman, Budget and Policy Analyst, Legislative Services Office, gave a power point presentation entitled “Funding of Community Colleges in Idaho and Other States,” which is available in the Legislative Services Office. Idaho has two stand-alone community colleges, and has community college functions embedded within Boise State University, Idaho State University and Lewis-Clark State College in accordance with State Board of Education policy. A map of the current service delivery areas in Idaho for community colleges shows the six junior college areas established in *Idaho Code* as follows: (1) North Idaho College in Coeur d’Alene; (2) Lewis-Clark State College in Lewiston; (3) Boise State University in Boise; (4) College of Southern Idaho in Twin Falls; (5) Idaho State University in Pocatello; and (6) Eastern Idaho Technical College in Idaho Falls. Each has outreach centers or off-campus sites as well. These are the course offerings currently in our statewide system, which include both stand-alone community colleges and the community college functions within the four-year institutions.

Mr. Freeman stated that the funding sources for the stand-alone community colleges come from the general fund and liquor funds (appropriated), tuition and fees, property tax, and county tuition (non-appropriated). This does not reflect the total operating budgets for the community colleges, as there are other non-appropriated funds such as auxiliary enterprises, grants and contracts, which are not included. A chart displaying a four-year funding history for the two stand-alone community colleges (College of Southern Idaho and North Idaho College), shows that CSI generally receives around 44% from state general funds and property tax provides about 15%. NIC is closer to 38% average for state general funds and property tax provides 23%; tuition and fees provide about 29% for both colleges. The two community colleges receive more support from state general funds than they receive in local property tax revenues. As the committee talks about the governance and funding for community colleges, **Mr. Freeman** suggested that the committee keep in mind that these two stand-alone institutions, which have strong local control through their local boards of trustees, already are receiving more general funds than they receive from property taxes.

Mr. Freeman showed a 22-year history of state general fund appropriations, pointing out that the money appropriated to community colleges has increased from \$5.9 million in 1988 to \$21.8 budgeted for 2007; the chart also shows how those allocations relate to other agencies’ general fund appropriations from FY 1986 to FY 2007. The percentage of the total is very interesting: for 22 years, the community college general fund percentage, as a percentage of the total, has remained the same at .9% of state general fund appropriations. It has varied by one-tenth of a percent back and forth over the years, but state general funds for community colleges have remained remarkably steady. In contrast, the percentage for colleges and universities in FY 1986 was 15% and for FY 2007 the percentage is 10.4%. **Senator Goedde** asked about the inventory phase-out tax at CSI. **Mr. Freeman** answered that

NIC gets the same funds as CSI, but NIC's is commingled; they don't identify it as a separate line item. Inventory phase-out tax dates back to the 1960s when property tax on business inventory, livestock and forest products was phased out over four years; as a result, there was less property tax income and to compensate for that, money was taken out of the sales tax account to provide for that loss of revenue. **Senator Goedde** asked where it was commingled. **Mr. Freeman** will get that information for the committee.

Representative Rusche asked, of the total number of students in the two institutions, what percent attend CSI and what percent are at NIC? **CSI President Gerald Beck** responded that 54% attend CSI and 46% attend NIC.

Senator Stegner asked for clarification on federal funds for community colleges, distributed either through the state fund or general fund appropriation or through other sources that flow to community colleges. **Mr. Freeman** answered that there are federal funds in the form of grants and contracts, adding they are off-budget, so that is not one of the five areas that he was concentrating on in terms of revenue germane to the committee's discussion.

Mr. Freeman addressed the history of liquor funds. Prior to 2006, the statutory distribution of liquor profits was as follows: 2% surcharge on liquor sales to Drug Court and Family Court Services; annual fixed distributions totaling \$8,295,000 to the general fund, public schools, alcohol treatment fund, cooperative welfare fund, and community colleges (\$300,000); remainder split 40% to counties (in proportion to sales) and 60% to cities (in proportion to sales and population). These fixed distributions were originally enacted in 1982 and the community college fixed allocation of \$300,000 has never changed.

Mr. Freeman showed a pie chart for FY 2005 profit distribution amounts totaling \$33,826,157. He pointed out that for FY 2005, \$7,200,000 went to the water settlement agreement, but normally that money would have gone to the cities and counties. That was prior to the 2006 legislative session, and now in 2006, Senate Bill No. 1388 has changed the liquor profit distribution as follows: For FY 2006 to 2009, \$1.8 million will be redistributed to cities and counties for liquor money used for the 2005 water settlement. Most significantly, this created a structural distribution change for state general funds from fixed dollar amounts to a percentage basis distribution. It also created a 10-year, phased-in adjustment to effect a 50/50 allocation of funds. Statutory fixed dollar amounts remain; and any increases in revenues will go into the general fund.

Senator Andreason referred to the water settlement agreement money in FY 2005 and asked whether that was a one-time settlement or ongoing. **Mr. Freeman** responded that it was a one-time appropriation of \$7,200,000. **Senator Cameron** reiterated that the water settlement appropriation was being paid back by Senate Bill No. 1388. **Mr. Freeman** confirmed that, stating that in FY 2006 to FY 2009 \$1.8 million will be paid back to cities and counties for liquor money used for that water settlement.

Mr. Freeman addressed community college tuition, noting it is set by law. For in-district resident full-time academic students: not less than \$350 per year; and may be increased 10% annually but not to exceed \$1,250 per year. Out-of-district resident full-time academic students: in addition to in-district tuition, an out-of-district student's county of residence pays \$500 per semester. This is the county

charge-back that the committee is familiar with and will be discussed further. **Mr. Freeman** explained payments for out-of-district students as follows: there is a county maximum lifetime liability of \$3,000; 50% of all money distributed to counties from liquor funds are dedicated for the purpose of making tuition payments; if liquor funds exceed tuition payments, counties can keep and use the money for any purpose; if liquor funds are not sufficient to pay tuition, the county shall levy a property tax not to exceed .06% of market value; and in FY 2003, 11 counties exhausted their liquor funds, 13 in FY 2004, and 14 in FY 2005. **Mr. Freeman** pointed out that Cassia and Minidoka counties each levy over \$337,000 annually for their students attending CSI.

Senator Cameron asked about the county tuition figure, inquiring if it is both liquor funds and property tax dollars because the counties receive their liquor distribution, and in some counties that liquor distribution is much less than they are paying in tuition, so they make up the difference with property taxes; is it possible to identify out of that money received by each of those institutions, how much is property tax and how much is additional liquor funds? **Mr. Freeman** pointed out that the chart entitled "Liquor Fund Distribution and County Tuition Payments to the Community Colleges" shows the amount of property tax assessed for three counties: Jerome (\$752,704), Kootenai (\$7,087,291) and Twin Falls (\$2,679,299) for the 2004/2005 academic year.

Senator Goedde asked, of the counties currently paying additional money to institutions because their liquor funds are not sufficient to pay tuition, how many are close to levying up to the .06% cap? **Mr. Freeman** answered that he would get that information for the committee.

Mr. Freeman next addressed property tax that can be levied by a community college district. In addition to the income from tuition paid by students, a community college district is authorized by law to assess a maintenance and operation levy (M&O) up to .16% of the market value for assessment purposes on all taxable property within the district. In addition, a community college district may levy an additional .01% for the maintenance and care of the gymnasium and college grounds. **Mr. Freeman** showed a chart comparing the levy rate and the property valuation for CSI and NIC, for each of the last ten fiscal years. In FY1998 the levy for the two colleges went down, and it did so again in FY2002, a result of the Legislature's appropriating general funds to provide property tax relief to the two community college districts. CSI and NIC each received \$500,000 in FY1998 and \$1.6 million in FY2002.

Funds for professional-technical education are appropriated separately, through the Division of Professional-Technical Education. It is the intent that this appropriation cover 100% of the direct instructional costs. There are five colleges with professional-technical functions as established by State Board of Education policy (BSU, ISU, LCSC, CSI, and NIC), and one stand-alone technical college, EITC.

Mr. Freeman referred to a chart "5-Year History of Technical College Original Appropriations." He pointed out that ISU has the largest technical college appropriation at \$10,069,411 for FY 2007; he also noted that EITC is the only stand-alone technical college and all of their funding is passed through the Division of Professional-Technical Education budget, funded totally from general funds, tuition and fees, and yet they offer fifteen credits of transferable, academic courses. Some could argue they are between a community college and a technical college because they do have academic offerings, and yet there is no property tax or local effort for funding EITC.

Senator Goedde asked whether the general fund numbers shown earlier actually apply to associate degree programs and are not for professional-technical education. **Mr. Freeman** answered that is correct; the general fund numbers are for the academic programming at community colleges.

With regard to community college funding in other states, **Mr. Freeman** stated that in 2000, the Education Commission of the States (ECS) released a report which documented the results of a 50-state survey on state funding for community colleges and shared general findings as follows: With respect to general operating budgets, there is definitely a trend shifting from local funds to state support. Currently 26 states collect support from the local tax base, and 18 do not. Local tax revenue may include one or more of the following: property tax, city or county sales tax, revenue bonds, utility taxes, motor vehicle taxes, and payroll taxes. With regard to capital outlay, the funding can be local or state, or some combination such as a match with the state. In some states, capital projects are entirely a local process, such as in Montana; other states, like Idaho, require all capital projects to go through a state building board prioritization and approval process. In 11 states, allocations of state funds for capital projects require local matching funds from institutions.

Mr. Freeman commented that every state is different and each has its own nuances and challenges. In a sampling of neighboring states, with whom Idaho competes for keeping Idaho students in-state, **Mr. Freeman** compared the surrounding states of Wyoming, Washington, Oregon, Utah and Montana on a number of parameters: board of trustees (elected or appointed, its composition, powers and duties); percentage distribution of funding from the general fund, tuition and property tax; limits on property taxation; limits on tuition; and limits on uses of certain revenues by source.

Mr. Freeman pointed out an interesting fact where areas outside of community college districts contract with community colleges for instructional services. A state provides for those contracts, and the counties have to provide some support, whether it's in-kind for a facility or otherwise. If you have a county that does not have a community college district, it can approach another community college and the state's governing board to apply for money to provide instructional services in that county.

The Education Commission of the States conducted a survey in 2000 on community college financing and in that survey there were several policy questions to consider:

1. How can policymakers (Legislature/Board) maintain appropriate fiscal accountability and oversight of the use of tax dollars while allowing post-secondary institutional leaders flexibility to manage their institutions efficiently?
2. Does a shift away from local property taxes to state funding undermine a tradition of local control that has been common to community colleges in Idaho? **Mr. Freeman** pointed out here that, with regard to the Idaho funding history talked about earlier, there is less property tax revenue than general fund revenue, and yet there is still local control of these institutions.
3. To what extent does a strong reliance on local property taxes subvert the goal of providing equal access across the state?

Mr. Freeman pointed out that the Montana model where there are dramatic differences in property tax valuations across the state, can lead to big disparities in levy and/or tuition rates between the wealthier communities and the urban or rural communities. When thinking about equal access, **Mr. Freeman** suggested that the committee think about the effect the local property tax will have on it.

Senator Goedde commented that he was intrigued by the outreach locations and courses listed by the various Idaho institutions, and asked whether **Mr. Freeman** had looked at any potential duplication of offerings through outreach services both in locations as well as courses. **Mr. Freeman** answered that he had not, but the State Board of Education tries very hard to avoid duplication of services, especially with Idaho's limited resources. **Senator Goedde** requested that when the various institutions around the state present to the committee throughout the summer, he would like to know what they are providing at their outreach locations. **Mr. Freeman** agreed to notify the institutions of that request for information.

Representative Rydalch asked if **Mr. Freeman** had encountered any correlation with the community colleges in these other states with Native American reservations and is there any correlation between the state and the Native American community colleges? **Mr. Freeman** answered that Montana has 5-6 tribal colleges; all are almost entirely federally funded. Montana is unique with regard to its tribal colleges.

Representative Smith stated that he understood there is about \$37 million that goes to vo-tech education for distribution among the six districts, and EITC gets \$5.8 million to fund their vo-tech. EITC is now offering academic courses, even though they are funded through vo-tech and that some of those courses are transferable to other universities. Is that the only one of the six colleges that is blurring the lines between academic and vo-tech? **Representative Smith** stated that the funding part of this is what interests him most, adding that EITC is funded through vo-tech and they don't have any property tax running that school, so are they blurring the lines and entering into academic courses without the traditional funding that the other two junior colleges have? **Dr. Rush** responded that EITC does have programs with transferable academic credits, but the requirement is directly related to the type of academic degree the student is seeking. If it is for an associate's degree, all courses in those programs are required by national accreditation and State Board of Education accreditation standards, to meet the standards and to be transferable.

Representative Rusche referred to the different state models presented by **Mr. Freeman** and asked if there were comparables or benchmarks on spending on a per-student basis or was one model more satisfactory to the communities they serve than another; is there any data on that? **Mr. Freeman** offered to get data on per-student expenditures; in terms of satisfaction of service delivery, it is a bit subjective and can be researched further.

Senator Goedde focused on the four-year institutions that also provide a community college function, asking if there is any way to separate the costs of the undergraduate courses in years 3 and 4, from years 1 and 2? His intent is to compare the first two years of a student's education in a professional-technical environment at those institutions from a cost standpoint, both to the state and to the student. **Mr. Freeman** answered that the State Board of Education has done some work on cost of delivering lower division education and he will provide that information to the committee.

Representative Boe asked **Mr. Freeman** whether, while he was doing this research on cost per student in surrounding states, he could also factor in the amount of financial aid offered, since that has a significant impact on the number of students able to attend a community college or four-year university. **Mr. Freeman** will also get that financial aid data for the committee.

Mr. Dwight Johnson, Executive Director, State Board of Education, stated that the *Constitution of the State of Idaho* and *Idaho Code* vest the State Board of Education with general supervision of the Idaho public education system and create the board as the State Board of Education and Board of Regents of the University of Idaho for the three state universities and LCSC, and also the State Board for Vocational Education.

The creation of an expanded statewide community college network is a top priority of the Board and they are committed to work cooperatively with this interim committee and the Legislature to assure that this happens. The Board has established a subcommittee of its members to work with the interim committee: Laird Stone, Rod Lewis and Blake Hall; and the Board's staff is at the disposal of the committee to assist in any way they can.

Mr. Johnson set a general global context for why the Board thinks this is such an important priority and will discuss specific issues and suggestions the Board wants this committee to be aware of as it deliberates the specifics of developing a community college initiative for the state.

Over the course of the 20th century, the U.S. became the world's unquestioned economic leader, and our public education system, as well as our two-year and four-year public and private colleges and universities, were central to that accomplishment. Particularly following World War II, post-secondary education was extended to a greatly expanded swath of the American population creating the workforce that made our economic growth possible. While not perfect, the system could claim without exaggeration, that it was the best in the world. What was once best is no longer good enough. The United States and Idaho now face the emergence of a knowledge-based economy with the demand for highly trained and educated workers which is greater and faster growing than we have ever seen before. We also face fierce global competitors eager to meet this demand. The nature of education, competition, jobs and skills demanded is changing internationally in this new century. The reality is that if Idaho cannot assure employers a large and growing labor pool of people with the necessary skills and competencies, particularly in math and science, other nations assuredly will. Knowledge-based jobs are going to go where the knowledgeable, trained workers are and the promise of economic growth and prosperity is going to go with them.

This challenge is formidable and it is rendered even more difficult by demographics, because the demand for more educated workers is converging with a sharp reduction nationally in the growth of our labor force. Between 1980 and 2000, the U.S. workforce expanded by almost 50%; baby boomers and increased participation of women in the workforce accounted for most of that dramatic growth, which produced so many new workers that it didn't matter that our education system moved only a fraction of them through post-secondary training or schooling. Even a small fraction added up to a lot of skilled and educated employees. Current projections forecast labor force growth of only 16% over the next two decades. A May 2005 report by the Committee for Economic Development estimated nationally that the 25-54 year old workforce increased by over 35 million workers between 1980 and 2000, but only 3 million workers will be added in this age group through 2020.

If the new economic realities require us to increase our level of educational attainment to be competitive, then we must dramatically increase the percentage of students who complete high school, ready to work, and who receive skills and training beyond high school. This necessarily must include students from disadvantaged and minority groups, those with barriers, and rehabilitation needs. It is important to note that the challenge of preparing a post-secondary education for all or most all of our

students, has never been required of our educational system before. Students now depend upon the health of our state economy and our ability to offer the American dream.

Community colleges with their open admission policies and lower costs must be a central part of this effort. Educators, political and civic leaders must do whatever it takes to give our economy the adequate stock of human capital and our people the tools necessary for satisfying, productive lives as citizens in a democracy in a globally competitive economy. Significant changes within primary, secondary and post-secondary education, as well as in public policy, will be required to achieve more successful participation and higher levels of learning. More widespread, successful participation is essential.

The stakes couldn't be greater for Idaho. At issue is whether our standard of living will fall or rise in a globally-competitive economic environment that demands ever larger numbers of highly trained and educated workers. The stakes are equally high for individual Idahoans. In a period of overall prosperity, two groups have been left behind: those with only a high school education have not, on average, improved their economic status; and those with less than a high school education have seen their real incomes actually decline. The jobs that once supported a middle-class standard of living with a high school degree or less are the ones who have been disappearing.

Of the 30 fastest-growing occupations in the Occupational Outlook Handbook prepared by the U.S. Bureau of Labor Statistics for 2006-2007, only three list short-term, on-the-job training as the most significant source of post-secondary education or training required. Most require more than a high school education. Eight require an associate's degree; ten require bachelor's degrees; and two require doctoral degrees. Education and training beyond high school is a broad and inclusive concept, but whether we're talking about an educational path that leads to a specialized certificate or to a Ph.D., higher education is no longer just the most direct route for a middle-class life. It has become essentially the only route; it has become a necessity.

The Board believes strongly that community colleges are an essential piece in meeting that necessity. Based on the best data they have, it is estimated that nationally out of every 100 ninth graders, 68 will finish high school; of those same 100 students, 39 go to college and only 16 finish an associate's degree within three years of entering college or a bachelor's degree within six years of entering. The trend lines on these numbers for the past decade have remained flat. Currently, in Idaho, of 100 Idaho ninth graders, 79 or 80 finish high school; of those same 100 students, 34 go on to college within a year of graduation somewhere in the U.S., and only 14 will graduate from college within six years. Although Idaho is, on average, above the national average high school graduation rate, Idaho is below the national average for college attendance and completion rates.

It is imperative that we do better in increasing participation rates in post-secondary education in order to give our students better opportunities and to assure economic success for our state. Community colleges offer tremendous, key opportunities in meeting this goal. They are cost-effective alternatives for students who are seeking associate's degrees who are working toward a four-year degree or who are unable to enter a four-year college or university. Community college students are also able to take advantage of educational opportunities closer to the communities in which they reside in order to fulfil their educational goals.

In looking at developing specific initiatives for the state to expand community college services, the State Board would suggest that we should capitalize on using the existing resources within the state that

are dedicated for this purpose. One of the advantages of Governor Kempthorne's approach in the last legislative session was that it asked the colleges and universities within the state, which are currently offering community college services, to respond to a Request For Proposal (RFP) to develop a specific proposal for their region of the state. That type of an approach assures that we take advantage of existing state resources and investments for these services. It also encourages responsiveness to the uniqueness of each region in the state.

Currently, community college services are embedded within BSU, ISU and LCSC and we need to take advantage of those services in offering these services within those regions of the state. The Board also would suggest that we make sure that we develop a comprehensive approach in our community college network; to be truly responsive to the needs of students and business, we need to have a full range of community college services offered in each region of the state. That full range of services includes more than lower division credits that transfer to a baccalaureate program. While that service is very important, it is only part of what is needed to fully realize the benefits of a community college. Besides lower division academic courses, other critical services include, among others, professional-technical degrees and certificates, adult basic education, customized rapid response workforce development training programs, intensive student support services to promote student success, English as a second language, small business development assistance, and developmental and remedial course work. These additional services are important to highlight because some of these services, such as professional-technical education or PTE courses, which make up a significant portion of what a full-service community college must do, cost much more to deliver than lower division courses.

Just expanding the academic function, while important, does not address the community college workforce services needed. In addition, academic offerings, being relatively inexpensive to offer, are revenue-generating for the most part. The positive revenue flow from offering the lower division academic classes needs to be linked or tied to a full package of PTE and other community college services in order to make those other PTE and services affordable and to assure the economic viability of a full-service community college in each region of the state.

Finally, the State Board is not committed to any specific funding mechanism, but would like to point out that they think they were starting to develop a workable compromise during the last legislative session. As was pointed out, currently 50% of the state liquor distribution to counties is dedicated in current law to funding community college tuition. This is a growing and stable source of revenue that the Board thinks could be a good starting point for discussion when the funding issue is addressed. **Mr. Johnson** stated that the Board appreciates the efforts of the interim committee and they pledge to work with them cooperatively to make sure the committee has a successful community college proposal to take to the full Legislature in January.

Senator Cameron asked if the State Board has a feeling that there is something wrong with our current community college system. **Mr. Johnson** answered that there are two existing, outstanding community colleges in Idaho, both of which the Board is completely supportive of and dedicated to making sure they are successful. The challenge the Board faces is expanding those services at the cost offered by those two community colleges throughout the whole state. For example, NIC and CSI can offer their courses at about \$100-\$120 per credit hour but when you go to the community college services that are embedded in the four-year institutions, those same services cost \$180-\$190 per credit hour. The key is to make sure that those same community college services are offered at that lower community college rate to increase accessibility and participation in post-secondary education.

Senator Cameron continued, and asked whether it was the Board's opinion that Idaho's current community colleges are unable to provide the appropriate access for higher education under the current format. **Mr. Johnson** responded that the Board believes we need to change the way we offer community college services to a community college network that would be independent from the four-year institutions; as we do so, we can have greater accessibility to community college services throughout the state. **Senator Cameron** asked further whether the Board had determined how many additional students would benefit from this statewide community college system that is to be developed, and what the actual cost would be. **Mr. Johnson** replied that the Board did not have specific numbers; there are many studies showing the demand and need that they can access, and provide the committee with more data on that, but he didn't know if a comprehensive study had been done on those specifics.

Senator Cameron stated that currently it costs about \$60 million to run those two community colleges, and inquired if the Board has taken into consideration whether or not what we need is additional community colleges or additional scholarship programs, since \$60 million would pay for many scholarships to create much better access to students. **Mr. Johnson** answered there were many ways to "slice the pie" and if the Legislature wanted to look at it in a "radical" way, the Board would be willing to engage in that conversation. He added that under the current system, from the Board's perspective after the last legislative session, more incremental changes are needed to round out what we currently have, to reduce the cost of those community college services that are embedded now in the higher cost four-year institutions. If the committee wants to look at a radically different approach, the Board could do that as well.

Mr. Johnson stated that the Board has a work group right now that is looking at how to expand scholarships, specifically the needs-based ones, and legislators and others are being engaged in that discussion. The Board does believe there is a need for accessibility, but there is so much the state probably ought to do; one is definitely scholarships and accessibility to scholarships.

With regard to remediation, **Senator Goedde** stated that currently remediation in some cases is provided at four-year institutions and he asked **Mr. Johnson** whether that is the correct area for remediation. **Mr. Johnson** answered that the Board thinks they need to increase the rigor of high school education so that students coming out do not require remediation within the post-secondary system, and the Board believes that we can be more financially efficient. He added that there are also adult students going back into the system who will require remediation, so there is a component within post-secondary schools that will continue to provide remediation within that setting; the goal is to make it as efficient and effective as possible. Obviously, community colleges can provide remediation at a much lower cost. In following up, **Senator Goedde** referred to a newspaper article which quoted **Dr. Kustra** (BSU) as saying that approximately 900 students did not get accepted to BSU and one of the reasons was because they could not meet academic standards. Should a student coming out of a high school environment going to college pick up remedial classes at a four-year institution or at a community college? **Mr. Johnson** stated the student definitely should take remedial classes at a community college due to the price difference.

Senator Goedde inquired whether the Board, in concert with what Governor Kempthorne proposed last year that the four-year institutions that are providing community college services should be those institutions that are utilized in the expansion, along with other community colleges, is **Mr. Johnson** suggesting that, in the Treasure Valley, this committee ought to look at what might be provided through

Boise State University, rather than suggesting the option of a community college district funded on a property-tax basis? **Mr. Johnson** responded that he didn't think those two possibilities were necessarily mutually exclusive; the Board thinks that there are many professional-technical resources, and we have other community college services that are currently embedded within four-year institutions. We need to take advantage of those resources as we roll that out to lower-priced community college services, in whatever format that takes, whether it is added to local property taxes or supported with additional state resources, so that we are not starting from scratch.

Senator Lodge asked if the State Board has identified why a credit hour costs more at a four-year school than at a community college? **Mr. Johnson** answered that it is higher because of the research factor at four-year institutions; university professors are being paid to do that research, which is also a critical component for economic development and for success in the overall post-secondary system. Those costs are then passed on to the students who are participating in a four-year institution. At a community college, most instructors are dealing with instruction and not research. **Senator Lodge** commented that as a public school educator for 35 years, she has always been concerned that at 3:20 p.m. the buildings are empty and that we need to make better use of those facilities since bricks and mortar are very expensive to build and maintain. Has the State Board looked into using the high schools in the evening for the remedial courses or any other courses? **Mr. Johnson** said that he is absolutely convinced that we can take greater advantage of those institutions mentioned, as well as other private institutions that have the buildings; the more partnerships that we have, the more efficient is the use of dollars in rolling out community college services, so that is absolutely an essential approach in efficiently expanding community college services.

Representative Chadderon, who lives in the NIC community, said that the college is of great value; however, enrollment is down somewhat because of the demand of the workforce in the area that is paying attractive wages. She asked if the Board has numbers showing how a community college benefits a community and what kind of enrollment is expected? **Mr. Johnson** answered that community colleges are counter cyclical to economic growth and unemployment rates across the country. Idaho has one of the lowest unemployment rates in the nation, so as the demand for workers increases, often there will be a drop in enrollment at community colleges and universities in general because employers need that available workforce. As an economic slump occurs with higher unemployment rates, many times people take the opportunity to go back to school to increase their knowledge and skills in preparation for when the economy expands again, so they will have greater opportunities.

Mr. Johnson referred to the Florida study that was done on the economic development impacts on local communities in Florida, and although there is not a similar study in Idaho, one would probably find that economic development advantages occur because of having a skilled, available workforce. One of the reasons you see areas of the state such as the Panhandle and Magic Valley booming and having very low unemployment rates is because of the integral tie with the local community college. Economic development occurs as community colleges work with local businesses to expand and attract new businesses into those communities through development of workforce training.

Representative Rydalch inquired with regard to establishing a statewide system, is it the Board's thought that this could be done quite inexpensively to start with, and that we do not have to get into bricks and mortar if we take advantage of the existing buildings in communities, and thereby enable

the four-year universities to concentrate on being professional trainers for B.A.'s, Master's, Ph.D.'s and research? She added that with respect to economic development, when you get into research, the spinoffs from that research are companies who want to move into a state to be near that research. She said that remediation and existing community colleges should be feeders into the four-year universities, and asked if there is thought along that line by the State Board. **Mr. Johnson** answered that to begin with, there are many ways to take advantage of existing resources and bricks and mortar to start this process, but he didn't want the Legislature to be under any illusion that it's not going to require some additional resources to be successful in building a statewide community college network, because it will. Right now, \$20 million is divided almost evenly between the two existing colleges. There is legitimate concern at those community colleges that first and foremost, we do no harm. If more community colleges are to be added, the Board, and others, don't want the existing "pot" to be further divided among more colleges, which would leave fewer resources for the two current, excellent institutions. **Mr. Johnson** encouraged everyone to be very up front as we approach this, but he said there are many options to be explored; we could start out slowly and grow. There are existing resources within the institutions but, as we move forward, it will require additional resources to make it successful.

Representative Smith recently read about declining enrollment at NIC, partly due to the competition with three junior colleges in Spokane that are actively recruiting students from Idaho. What is the Board's position with regard to Treasure Valley Community College in Ontario that has a presence in the Treasure Valley and is offering courses over here, with no cost to Idaho taxpayers? What is the Board's position with regard to this intrusion in Idaho? **Mr. Johnson** responded that the Board has a concern that we make sure we have a comprehensive community college service offered in each region in the state. Therefore, from a state funding perspective, we need to make sure we tie the less expensive offerings with the more expensive offerings to have a full range of affordable community colleges. The Board does have a concern; we could get there under certain scenarios, but we want to make sure we do this from a long-term perspective, taking into account outside competition.

Senator Cameron mentioned that one issue not covered is governance, and asked what the State Board's thoughts are on that issue. He added that a community college is an economic engine, referring to CSI, which is intimately involved in recruiting businesses to southern Idaho, not just offering courses. Their local board is able to respond quickly, rather than having to go through the State Board. If they had been required to go through the State Board, they would not have recruited companies such as Dutchman, Dell, or as many as a dozen other businesses. This seems to be the single, biggest issue for him to overcome, if there is to be a statewide community college system. What role does the State Board play, if any? **Mr. Johnson** responded that he very strongly believes, and he thinks that the State Board does as well, that there needs to be an element of local control to do the very things **Senator Cameron** talked about, such as responsiveness to community and business needs. The Board is very supportive of whatever funding mechanism is put together so that a strong component of local control is maintained to make it successful. The role that the State Board would play is the same as it currently does with the existing community colleges, that is, to make sure there is coordination of accreditation and transferability of courses so that the system works well for students, regardless of what institution they attend, in order to meet their goals as they move forward.

Representative Rusche asked if the Board knows how many students in community colleges and the four-year schools that serve a community college function, are adult learners and workforce retraining

students versus young adults coming out of high school, and does that vary by location? **Mr. Johnson** responded that the Board has that information; he will provide it to the committee. Generally speaking, those percentage distributions vary somewhat among institutions around the state. The University of Idaho has a much lower average age group; community colleges more naturally serve adult learners returning to the educational system.

Representative Bolz observed that a list on the Internet shows many different colleges offering courses in the state of Idaho either online or otherwise. He asked if the State Board currently has a list of those colleges and how many of those colleges are actually offering courses that would fit into the community college realm. **Mr. Johnson** stated that the Board does have access to that list and that he would get that for the committee. He added that in that regard, the Legislature passed House Bill No. 712 in the 2006 session, specifically aimed at controlling the presence in Idaho of diploma mills from throughout the country. Rules are now being developed to implement that bill, to take to the Legislature in January, 2007. Idaho was one of seven states that had the weakest laws in the country with regard to degree-granting institutions that may not be legitimate. Therefore, Idaho was becoming known as a haven for these types of institutions. The Board drafted this legislation that was passed so that we could have greater control on registering those institutions.

Representative Boe commented that the Board is aware that additional resources will be needed to expand the community college system and that **Mr. Johnson** has mentioned that lower division classes are revenue-generating for the four-year institutions and community colleges. Has the Board considered additional revenue sources to cushion the four-year institutions if those lower division classes are more available in community colleges? **Mr. Johnson** answered that those universities that have embedded community college services within them right now are charging the higher price; if you transition those community colleges services out of the institution, then there must be adjustments in the funding. That would be a challenge for those institutions as we move forward, and that must be well thought out to effectively accomplish the mission.

The committee recessed at 12:10 p.m. for lunch and reconvened at 1:12 p.m., **Representative Bolz** presiding.

Ms. Lori Fisher, Executive Director, J. A. and Kathryn Albertson Foundation, thanked the committee for addressing this very important issue and for inviting the Foundation to be a part of this discussion. The purpose of her comments is to communicate the Foundation's interest in and contribution to a Treasure Valley community college for the citizens in the Treasure Valley, adding that there is a great need for this. For the past 25 years, studies have consistently identified this need, but little progress has been made. She surmises we all agree this is no longer acceptable. With the population in this area now exceeding 500,000, it is the largest urban area in the United States without a community college, causing society, the economy, citizens and employers to suffer. The Foundation urges the interim committee to move swiftly and boldly, to take decisive action to ensure that the citizens of the Treasure Valley have access to a community college. The Foundation is willing to contribute.

The time has come for the Foundation to expand its emphasis beyond grades K-12 due to the needs of employers to compete globally, which also depends upon citizens having access to affordable, post-secondary education. The Foundation has been and will continue to explore options to quickly and

efficiently achieve its main goal, which is to increase access to a community college in the Treasure Valley. It is looking for a high quality, affordable, comprehensive community college. In addition, the Foundation will continue to work with others statewide to improve opportunities for all citizens in Idaho to have access to a community college. In order to achieve this goal, the Foundation has identified and is implementing a number of strategies:

The Foundation will continue researching and gathering information and sharing it with this committee and others. It has engaged the expertise of various community college consultants to help with this process. One of these consultants is currently putting together a thorough analysis of various state funding models, after studying the top five or six most common models, the pros and cons of each, and how they relate to Idaho. That information will be shared with this committee. The Foundation believes that being knowledgeable and educated will enable everyone to make informed decisions that are in the best interest of Idaho students.

The Foundation will continue to work with others to arrive at solutions that are financially sound and sustainable to serve the greatest number of students. Foundation staff will continue to participate in discussions with mayors, chambers of commerce, representatives of economic development councils, IACI, IBCEE, the Idaho Department of Commerce & Labor, the associations for counties and cities, and representatives of BSU, ISU, NIC, CSI, LCSC, and other outside entities as TVCC.

The Foundation has begun gathering information to conduct a needs assessment, which will allow us to analyze the education and training needs both from the perspective of the employer and the student. Simultaneously, we will be completing a capacity assessment in order to clearly understand the educational services currently being offered in the Treasure Valley. The Foundation will look at all institutions, with its goal being to determine how to effectively and efficiently increase the current capacity being offered here in the Treasure Valley. It will follow the needs and capacity assessment with a gap analysis in order to define unmet needs to see how those needs can be filled. The Foundation is hopeful that its discovery process will serve two important objectives: (1) To identify ways to increase community college access to Treasure Valley students; and (2) To provide information to this committee in the form of pilot studies, which we hope will help to form and guide the development of a community college here in the Treasure Valley based on market needs.

Ms. Fisher closed by stating that on behalf of the J. A. and Kathryn Albertson Foundation, she urges this committee to take the steps to speed up, rather than delay, establishing a community college in the Treasure Valley based on the current funding and governance model that is in place.

On a personal note, **Ms. Fisher** shared her early educational experiences and why she understands the value of access to a community college. She often thinks of students in the Treasure Valley who have not had that opportunity for many years and reiterated the Foundation is committed to changing that.

Senator Goedde asked for clarification: Is the first interest of the Foundation to develop a community college system in the Treasure Valley? **Ms. Fisher** affirmed that is the main goal of the Foundation. **Senator Goedde** commented that anything else would just be ancillary to the process, to which **Ms. Fisher** replied again that the Foundation's number one goal is the Treasure Valley, and their second

is to improve opportunities for others statewide.

Senator Cameron inquired about a gap analysis study and asked if that had been done or is being done, and whether the Foundation is funding that. **Ms. Fisher** answered that the Foundation is currently doing a needs assessment and a capacity assessment simultaneously, and that will identify what the needs are, if those needs are being served, and if any gap exists, meaning those needs which are not being served. **Senator Cameron** asked whether the criteria have been determined for that study, as curriculum, courses not being offered, students not taking advantage of post-secondary education, and the like. **Ms. Fisher** responded that they are currently defining the parameters of the needs and capacity assessments, adding that they will go hand-in-hand. As they look at the needs of students, employers, workforce training, and all the needs that are out there, the Foundation will work with consultants to define whether they need to do further needs assessments, after looking at those already done, and added that the Foundation is just beginning that process. **Senator Cameron** asked if that study is limited to the Treasure Valley or is it being done statewide? **Ms. Fisher** answered that the needs assessment is being done only for the Treasure Valley. **Senator Cameron** asked if the study is geared toward community colleges or does it include overall higher education? For example, if there are institutions of higher learning that are providing community college services, such as BSU, will the Albertson Foundation also look at whether those needs could be met by an expanded or satellite campus or is the Foundation strictly focusing on a community college? **Ms. Fisher** responded that the Foundation's goal is to increase current capacity, as long as it is affordable and of high quality.

Representative Bolz inquired how the Foundation views remediation in reference to community colleges, noting there are a number of these courses being taught in four-year institutions. **Ms. Fisher** stated that: (1) There are a number of students statewide taking remediation courses at a very high cost and that needs to be changed; and (2) A number of students are taking remediation because they are not getting these courses in high school. Some are returning adults, or they are students in high school who were not initially planning on going to college. Remediation is not totally the result of not getting these courses in high school, but it is one piece of it. The Foundation absolutely believes that remediation courses should be served at the community college rate.

Senator Goedde stated that he knows the Albertson Foundation has been working with the State Board of Education over the last year to offer some kind of a program, and asked whether there was anything that might be beneficial to this committee that the Foundation would be willing to share, adding that any information they were willing to share on that would be very much appreciated. **Ms. Fisher** clarified that they are not working with the State Board of Education "on some program; that certainly is not what we are doing." **Senator Goedde** reiterated that it was his understanding that there was an amount of money that the Foundation offered as a partial solution to the Treasure Valley situation. **Ms. Fisher** answered that this was true; the Foundation offered \$15 million in conjunction with the Governor's \$5 million community college bill with two stipulations: (1) That a long-term funding source be put into place; and (2) That the money would be given to the State Board to use at its discretion, but if it were decided that the BSU Seland College would become the community college in the Treasure Valley, then BSU would have to release control of that college to the State Board within two or three years.

Dr. Robert Kustra, President of Boise State University, stated he believes that this community college situation is absolutely integral to the Idaho economy and the maintenance of an educated

citizenry here in Idaho, and suggested it is understandable that this issue is being addressed right now and not ten or twenty years ago. Previous to the tremendous growth in Idaho's economy, the college network served the state rather well; in the last 5-10 years, however, the economy of the state has changed dramatically, now requiring our institutions to adjust. In the case of BSU, which grew out of junior college roots and which is still offering community college services, the BSU of today is very different than the one of old.

Today BSU is emphasizing new graduate programs, and they are accommodating faculty who now have increased interest in research, mainly in science and engineering, which is aimed directly at the Idaho economy. So the question is, as the mission shifts, how does spinning off its community college function allow BSU to pursue its mission and role as a metropolitan research university? When you add premium tuition rates to the equation, that creates a real problem. **Dr. Kustra** said that this issue is not just about creating more jobs. Many times community colleges get tagged as the job promoter, which it will do, but this is really about civic engagement of Idaho's citizens and about the quality of the state's economy. Statistics show what happens to a person who leaves high school and goes directly into the workplace, compared to a person who leaves college and goes into the workplace. That college-educated graduate participates in the political process more often, votes and volunteers more often and is engaged in communities in a more significant way; this is much more than a classroom experience, it is also about the Idaho economy.

There is a new initiative called the Valley Initiative for Prosperity that is designed to attract companies into the valley. **Dr. Kustra** pointed out that Boise, by virtue of having Micron, Hewlett Packard and other high tech companies, has the perfect opportunity to build on that, but in order to do that, the area needs a community college where potential new companies know their workers can be trained appropriately for this very different kind of technical economy. In spite of the fact that it may appear that BSU is spinning this function off for rather selfish reasons, he reminded the committee that people in his line of work are empire builders in higher education.

Dr. Kustra emphasized that BSU's community college programs are really typical college offerings in every way. Courses are offered for an associate's degree, which allow a student to then move directly into the university for the bachelor's degree. BSU has a long list of occupational/professional-technical degrees and programs available to students, important to a prospective future employer who asks the chamber of commerce where the local community college is. Such employers want the college to be just that, a community college right here in this community governed and controlled by this community and the state of Idaho. Basic remedial, developmental education, English as a second language (ESL), and adult basic education really should be done somewhere other than in a four-year university. If there is a student who needs remedial education, and cannot get admitted to a four-year college, what happens to that student here in the Treasure Valley? He may find his way to Caldwell where he can get a fairly limited number of seats in the Treasure Valley Community College, but basically, those students are lost. There are currently 19,000 students being served at BSU in community college programs.

As requested, **Dr. Kustra** offered a hypothetical community college funding model consisting of 2,500 students: 1,500 in professional-technical programs and the other 1,000 students who would be typical transfer students to continue into a four-year institution when they finished their community college work. Instructional expenses would be about \$14 million, and with a variety of support services, the total operating expenses would be approximately \$19 million, most of which could be recovered with

student fees at \$120 per credit hour. If this community college spins off and a separate community college is created, those per credit hour costs drop to \$71, which is the cost per credit hour (per quarter) at Rogue Community College in Oregon. The point is that per student fees can be reduced to well under \$100 per credit hour, around \$95, which would be very competitive. **Dr. Kustra** then pointed out that \$3.8 million has to be recovered somewhere; he assured the committee that he is not asking for the Legislature to write that check. Spinning off BSU's west campus to a community college would take 3-5 years, and is a state asset of 150 acres conservatively valued at \$15 million. Building costs are growing astronomically here in the valley; project costs will be higher in the near future. Support from Albertson Foundation is dependent upon support from the state, and BSU is willing to hand off this mini-empire to the new community college when the appropriate time comes.

Dr. Kustra also was asked to measure the impact to BSU if assets and students were moved to a newly-located community college. While these figures will change with time, his hypothetical example moves 1,000 students from BSU to the west campus in a new community college. The students would pay \$120 per credit hour instead of \$190, but are really still a part of Boise State during a transition period. **Dr. Kustra** said that BSU would lose \$1.5 million by doing that. What does BSU need to do to compensate? They need to do more recruiting, to recruit a whole new generation of students who are qualified to come to BSU under the current admission standards and who are absolutely committed to BSU as a four-year education as opposed to students who need a community college. The eight hundred students who are currently being turned away from BSU each year for lack of academic qualifications need to be replaced with students who are ready for a 4-year institution.

Dr. Kustra noted one of the challenges of higher education is how to keep our best students in this state. Of the top 100 students in the Boise school system, no more than ten of those top students chose to stay in Idaho for their post-secondary education. All Idaho colleges need to do a better job of selling the high quality of Idaho colleges; that is how more post-secondary students will remain in Idaho. Using a slide entitled "Idaho's Solution for Community College Education," **Dr. Kustra** made these points:

- (1) BSU would like to see a comprehensive approach to a community college solution, with a significant reduction in the cost of tuition and use of high school classrooms in the evening, in addition to providing introductory English and math courses. Professional-technical education is part of a comprehensive program. Locations to offer professional-technical courses are the major challenge since they require an expensive investment for equipment.
- (2) Accountability is enormously important. An effective community college is a combination of one governed locally as well as authorized and maintained by the home state. The role of the State Board is to deal with articulation and the transition of students from high school to college, and to maintain control of the total educational system.
- (3) Sustainability for the long term is also important. NIC and CSI are not going to go away, but that could happen if an out-of-state entity provides community college functions in Idaho.
- (4) A running start on a new campus is a great opportunity to take in this \$43 million investment, to be used as an incubator for a community college in southwestern Idaho.

Representative Bolz asked what it would take, both financially and in terms of resources, for BSU west to become a community college if the Larry Selland College were moved to the 150 acre site. **Dr. Kustra** answered that it wouldn't take much, although there are no exact numbers on the cost to physically move the college. The 65,000 square foot building is now used for 2,300 students. If it is converted to a community college and the manner in which courses are being offered is changed, they can provide instruction to over 4,000 students at that site. There is a lot of space on 150 acres and there is currently a building that is under-utilized. If the costs were lowered and attracted more students, the number of students served could be doubled, for the same amount of money.

Representative Bolz and Senator Lodge posed questions about the loss of \$1.5 million if all the students from the professional-technical program were to leave BSU at this time, and asked how long it would take to recruit the better students to make up that funding loss. **Dr. Kustra** responded that they are re-examining their recruitment priorities, especially in working with high school counselors who help to form impressions of a college or university. BSU hired a full-time admissions counselor 1½ years ago to focus on the best and the brightest high school graduates. Last year at BSU there was a 50% increase of students scoring in the top 10% of their class on their GPA's, a very good indication that if an investment were made into better recruiting, that significant differences would be seen within three years. **Dr. Kustra** will provide hard copy of these funding models.

Senator Goedde asked what the cost per credit hour is at the Larry Selland College of Applied Technology. **Dr. Kustra** answered that it is \$190 and with new tuition fees, it will be just over \$200 per credit hour. **Senator Goedde** asked what kind of local control the Treasure Valley has over that college. **Dr. Kustra** responded that there is a local advisory committee for the Selland College, comprised of business people from all over the valley, but it certainly isn't anything like the local control that NIC and CSI have.

Senator Goedde inquired how remediation fits into BSU's educational services. **Dr. Kustra** stated that remediation is a function at BSU under the traditional, academic programming and it's also a function of the Larry Selland College of Applied Technology. He used math as an example, which is the most challenging remedial issue facing college students anywhere in America. The Selland College has a very interesting success rate with their introductory math course and it is the perfect example of how a community college approach to deal with elementary math is oftentimes more effective than when embedded in a department of mathematics at a major university such as BSU. BSU is expanding its offerings of graduate programs and is recruiting faculty who are extremely adept at teaching upper division courses and graduate programs, but who don't have a great deal of interest in those 101 classes.

Representative Chadderdon asked who owns the real estate of the BSU west campus and, if it is titled in the BSU system, how would BSU be compensated for it and how would that be transferred into another community college's real estate land holdings? **Dr. Kustra** stated that since this is state property, it would be transferred to perform another function. It is his understanding that the title to all of the land that BSU calls "our property" is actually held by the State Board of Education, and it would take a vote of the State Board to make the shift; it is not a decision for the President of BSU, nor would he even be mentioning it if he did not have the support of the State Board of Education.

In response to a question by **Representative Rusche** on the effect of reduced tuition and lower enrollments caused by moving community college functions out of the 4-year institutions, **Dr. Kustra**

answered that no analysis has been done on how each university would be affected, since it would differ in each community and vary with each institution.

Senator Stegner agreed that the greatest need for a community college is in Canyon county, and to move Seland College from BSU makes a lot of sense. However, if the professional-technical functions were removed from BSU, what happens to the accessibility and needs of students living in Ada County? **Senator Stegner** suggested that another site closer to the existing BSU function might be needed. **Dr. Kustra** explained that it is not necessary to put so much emphasis on that one Canyon County location, because any good community college is going to have satellite centers all over the region. In that regard, **Dr. Kustra** has worked with superintendents of local K-12 systems; the Boise schools literally offered their professional-technical plant and equipment, which is at the western end of Ada County. If such facilities were accessible after 3:00 p.m., it would make a huge difference in BSU's ability to serve students from the eastern end of the valley. The Meridian school district has made similar offers for use of its facilities. **Dr. Kustra** pointed out that in addition to professional-technical education, if a community college were put together with headquarters on the Canyon county site, there could be satellite programs using classrooms in Boise High, or at Micron for the academic component. The community college will be wherever the need is greatest to best serve the community.

Representative Rydalch commended Dr. Kustra's vision for Idaho as a whole rather than being "turf oriented," and reiterated how important this broader view is when dealing with the growing competition from other countries due to the general advancement of technology nationwide and worldwide. She suggested that the universities should concentrate on the bachelor's, master's and Ph.D. degrees, and research. **Dr. Kustra** agreed and used New Mexico as an example of the other model of empire-building where three community colleges are part of New Mexico State University. He also commented on the recruitment issue, observing that Idaho will be better off as more emphasis is placed on that. With last year's changes to recruitment policy, BSU is now getting a 50% increase in students in the top 10% of their class. If universities work together on this recruitment issue of selling Idaho public higher education, that will make up for the students who will be going to community colleges.

In response to Dr. Kustra's community college funding model and estimate of \$19 million to institute a community college at the BSU west campus, **Senator Cameron** commented that at NIC it costs about \$30 million and the cost is approximately the same at CSI. He questioned the cost difference between the Canyon County campus versus what is being offered currently at NIC and CSI. **Dr. Kustra** stated that he didn't think there was any difference in terms of product or delivery, but that the number of course offerings may well account for the difference, and suggested his staff could work with colleagues from NIC and CSI on the budgets and figure out why there is a difference of \$10 million, and provide the committee with that information. **Senator Cameron** said a key factor is what the cost would be to the state, and added that Idaho should have a uniform community college system, whatever that system is, so overall costs need to be known. **Senator Cameron** asked further, if we were to open a community college at a cost of millions, how many additional students would be enrolled and how many additional associate's degrees would Idaho produce with that \$20-30 million? **Dr. Kustra** answered that he did not have those figures, but he referred back to the model, which was based on 2,500 students. They are serving twice that number at NIC and CSI, so although they are recovering tuition for those students, there will be some increased costs due to the larger number of students and support services required, not to mention that NIC and CSI have incredible satellite systems; BSU has one campus to serve at the moment.

Senator Cameron recognized that the \$1.5 million impact may not be as large as what was estimated, but he was trying to figure out how, if you removed 1,500 or 2,500 students, there is not a larger impact at BSU than what was quoted. He also referred to the \$19 million to institute a community college at the BSU west campus, and that only \$3.8 million would be needed from the state general fund to make up that difference, and he asked where the other \$16 million was coming from. **Dr. Kustra** referred to a chart showing revenues, stating that part of the money would come from federal and state grants. **Senator Cameron** asked if BSU were receiving that money now, \$7 million for professional-technical and the \$4 million in federal and state grants, how is that not a loss to BSU if it is transferred over to the community college? **Dr. Kustra** answered that they would no longer be delivering any of those programs, so it would not be a cost since they wouldn't have the students, programming, or facilities anymore. BSU would literally siphon that off and over to a community college; those moneys would go directly to those students and those college of applied technology programs; the money follows the program and the student, it does not follow BSU.

Mr. Eric Ellis, Director, Information Support Services and Public Information, Treasure Valley Community College, Caldwell campus, presented on behalf of **Dr. Bruce Schultz, Dean, Treasure Valley Community College, Caldwell campus (TVCC)**. **Mr. Ellis** said the Albertson Foundation had requested TVCC to prepare a vision for what a comprehensive community college might look like in the Treasure Valley, and his goal was not to spend time on the political or territorial discussions of TVCC offering services in Idaho, but rather to give the committee a more functional picture of how TVCC developed their response to the Albertson Foundation, and how that response might be useful in the committee's work.

TVCC currently serves 6,000 full-time and part-time students; classes are offered in Ontario, three outreach centers in Oregon, and in Idaho at Caldwell, Mountain Home, Twin Falls and Idaho Falls. In the fall quarter of 2005, TVCC had 3,254 students attend courses at the Ontario campus; 52% were Oregon residents and 44% were from Idaho. During that same quarter, TVCC had 234 students who took courses only at the Caldwell center, all but one of whom were Idaho residents. Seventy-four percent of those students were from Canyon County; 24% were from Ada County; 2% were from Owyhee, Washington, and Gem counties. There were also 210 students who attended classes at both campuses; 97% were Idaho students and, in general, students who attend courses at both locations do so because of personal scheduling issues or because courses they need are not offered at the Caldwell location.

Comparing costs between TVCC and other schools is different because of their different academic schedules; as a quarter school, their credits are equivalent to 2/3 of a semester credit and so you must do math to align the numbers. In Ontario, during the coming fall quarter 2006, Oregon students will pay tuition of \$76 per quarter credit which equates to a semester credit of \$114. Out-of-state students taking classes at the Ontario campus pay \$10 more per credit so their quarterly credit costs are \$86 each and equivalent semester credit costs would be \$129. Classes in Caldwell are funded differently because that center operates on a self-support model, per credit costs are higher and there is no difference in tuition based on where a student lives. All students will pay \$90 per quarter credit, equivalent to \$135 per semester credit. TVCC defines a full load for a student at 36 quarter credits, equivalent to 24 semester credits. A full load at BSU and CSI ranges between 18 and 23 semester credits. For a year at TVCC's Ontario campus, an Oregon student would pay \$2,736, while an Idaho student would pay \$3,096, and a full-time student at the Caldwell center would pay \$3,240. For point of comparison, an in-district

student at CSI would pay \$2,000 for the same school year, while an out-of-state student would pay \$5,600.

TVCC, Caldwell center came into Caldwell at the invitation of the Idaho Migrant Council (IMC), which was concerned about lack of access in the Canyon County area; additionally, TVCC and the IMC are partnering to train para-educators as part of the federal No Child Left Behind Act. TVCC saw an opportunity to increase access by working together, and that opportunity moved quickly after the summer of 2002 and the first classes were offered in April, 2003. Three leased classrooms were used to start, roughly 30 classes per quarter, and now they operate 7 classrooms and 80 or 90 classes per quarter. They do not have a science lab in Caldwell, so lab science classes are offered at local high schools or at the main campus in Ontario. TVCC does not yet have the critical mass of students for the high upper division elective courses that most students need to get an A.A. degree. Video conferencing is used to deliver some courses from Ontario to Caldwell, but most students must attend in Ontario to complete their degrees.

TVCC does not offer the range of professional-technical courses in Caldwell that are offered in Ontario. The level of support infrastructure in the Caldwell center is quite minimal; services such as financial aid, technology support and library services all come from Ontario. Staff in Caldwell are very versatile in serving students, but in looking at major expansion, they would need increased staffing at a new location.

In order to submit a proposal for the Albertson Foundation, TVCC's President Sorenson convened a working group, which approached the task from two directions:

The President used a theoretical model based on the Washington college system. The President's model started with the Ontario campus budget and then eliminated all the costs for programs which will not be offered, such as an athletic program, a full-time performing arts program, and the associated debt service costs. The remaining funds were divided by TVCC's student enrollment and the resulting figure was what they called an average cost to educate each student, which was approximately \$5,500 per student. The model projected an annual budget of \$21 million for a new center that would serve 3,800 students.

The other model was used to build a comprehensive set of staffing facilities, equipment technology and instructional costs, factoring in costs for leasing space, salaries, benefits, technology purchases and inflation. The annual budget was just under \$20 million for 3,800 students, costing roughly \$5,300 per student. The results of these two methods and the closeness of the final outcome gave TVCC confidence that their underlying assumptions were solid.

During the discussion about which programs TVCC might offer at the proposed college, it was never the intent of TVCC to ignore the professional-technical training that is clearly needed in the area, but they were operating under a request to open something quickly and they thought it would be poor planning to pretend to specifically understand what area students and the business community wanted. They proposed implementing offerings in phases; they would start by working on the remedial and college transfer courses necessary for students to get an A.A. degree; and they would seek partnerships and advisory groups to develop the needed professional-technical offerings. They were also trying to remain sensitive to BSU; at a functional level, TVCC has an excellent relationship with BSU. They

have an articulation agreement that allows TVCC students to take an A.A. to BSU as a block and enter as a junior; there are regular discussions between the faculty at TVCC and their counterparts at BSU about contents and outcomes. It seemed like a poor strategy to directly undercut the Selland College or the larger university by proposing duplicate professional-technical programs; instead, TVCC said they would seek new or under-served areas once they had the opportunity to work more closely with the community. TVCC knows that professional-technical programs can be considerably more expensive than the traditional academic offerings. TVCC estimates that the average professional-technical course costs between 40%-60% more than an academic offering, and that was taken into consideration in the proposal TVCC presented to the Albertson Foundation.

It is the position of TVCC that providing students with access and high quality educational services is TVCC's highest mission. As an Oregon school and being residents of the Treasure Valley who happen to live and work a few miles on the other side of the border, TVCC respectfully suggests that the best alternative for a community college in the Treasure Valley is a publicly-funded community college that receives a combination of property tax and state funding. As a model, this balance of funding has proven itself over the last 50 years to be sustainable and responsible to regional needs. TVCC itself receives approximately 11% of its annual budget from property tax revenue, 40% from state general funds, and student tuition and fees account for 35% of TVCC's budget.

This public funding provides an important social investment in the lives of their students and the health of the economy and community. This investment is very difficult to quantify, and as much as TVCC knows that residents of Malheur County are taking pride in the schools and the services they offer, they are also realists. Public attitudes toward education funding have shifted over the years. In Oregon, the state funding policies have increasingly shifted the balance and the burden of the costs to the students for services. It is time now for creative partnerships; TVCC responded to Albertson Foundation's request because it seemed like a chance to expand services creatively into an area where a need exists.

TVCC and the Oregon legislators will actively participate or form partnerships with the Idaho Legislature if there is an opening or role to do so. They are sensitive to the fact that this invitation could be misconstrued as carpetbagging; however, from Oregon's perspective, their actions are and have been consistent to serve the best interests of the students in the Treasure Valley on both sides of the border and they have an interest in the decisions this interim committee may make and the potential impact on TVCC. However, there is room and demand for multiple providers of education in the region and they look forward to partnering now and in the future to serve that need. On behalf of President Sorenson and TVCC, **Mr. Ellis** thanked the committee for the opportunity to speak, wished them luck in their endeavors, and reiterated the offer to provide assistance.

In response to a concern expressed by **Senator Davis** on advisory roles, **Mr. Ellis** suggested that the best model is some combination of state revenue and property tax. **Senator Davis** queried further about an economic approach that does not rely in whole or in part on property taxes, and would such an approach be flawed? **Mr. Ellis** answered that he would not say that; he clarified that the state of Washington has a model that has no property tax component and they are quite successful with their offerings. He said that through TVCC's research and understanding, the "combination model" is the model that has most commonly been successful over the last 50 years.

Senator Lodge asked whether TVCC has outreach programs in Payette, Fruitland, Weiser and the

Adams County areas? **Mr. Ellis** said that TVCC has had students from border counties since it began operations in Caldwell in the spring of 2003, but they do not have outreach centers in those other areas.

Senator Goedde said that satellite campuses have been mentioned and asked what type of courses are offered at those satellite campuses. **Mr. Ellis** answered that the term “satellite campus” is a loaded term in the academic world, but the outreach centers on the Oregon side tend to have fairly limited offerings that are merely directed at A.A. transfer courses, and they are in very rural areas where several students may be taking correspondence courses through an outreach center.

Dr. Bill Bach, Director of Academic Affairs, University of Phoenix, Idaho, addressed the role that the University of Phoenix, as an accredited institution of higher education, plays in filling some of the needs of higher education in the Treasure Valley and Idaho, and noted that their Idaho headquarters are located off Eagle Road. **Dr. Bach** said that nationally, the University of Phoenix is located in 30 states, and in 3 countries (the Netherlands, Puerto Rico and Canada). They have 130 campuses in the U.S. with 159 learning centers, and there are over 210,000 students and another 100,000 in other related entities under the holding company called the Apollo Group Inc., which owns the University of Phoenix and is a publicly-traded organization. As such, they are the largest, private, accredited higher education institution in the U.S. In Idaho, they are located in Boise, but their Spokane campus does serve students in northern Idaho.

Dr. Bach shared these student statistics: Idaho is ranked 10th in the nation (2001-02) in its high school graduation rate at 78.3%; Idaho’s population aged 25 years and older with a bachelor’s degree ranked 41st with only 23.8% in 2004, which is reason for concern. He questioned what is happening between successfully graduating high school students, and then not-so-successfully graduating those same students with higher degrees. He said that nationwide, 25% of college students classify as a “traditional” student, which means that they are working sequentially through their four-year program and are attending school full-time, even though some have family and part-time responsibilities in addition to that, but are focused on getting that four-year degree. Seventy-five percent of students nationwide are now classified as “non-traditional,” which means age no longer predicts learning behavior, and those students are usually working full-time, juggling family responsibilities, and pursuing education part time. This creates a unique need and opportunity for a community college, and from a survey it has been determined that 50% of public college students nationwide are attending community colleges. Fifty-seven percent work 20 hours or more per week and 34% have children at home.

Dr. Bach said that the University of Phoenix is a strong supporter of the concept of a community college to fill these needs in Idaho and the Treasure Valley, sooner rather than later. Their Axia College offers a two-year degree program and helps to fulfill some of those needs in Idaho. The Idaho campus of the University of Phoenix was opened in September 2001; they currently have over 1,100 students attending, 700 locally and 400 online. They have 130 faculty, but their faculty also works full-time, just as many of their students do, and they teach part-time. They are required to have a master’s degree or higher and they teach in the field in which they work daily. The classes locally are held online and at a campus at I-84 and Eagle Road where there are 11 classrooms. The programs offered locally include two master’s degrees and five bachelor’s degrees.

Their M.B.A. degree has been fashioned around what is called a problem-based learning (PBL) model,

and many of the top-ranked business schools nationwide are adopting this model. The University of Phoenix surveyed Fortune 500 companies and asked middle and top management what educators could do differently to better prepare M.B.A. students for the workplace. The answer was, predominately, that even though students could solve problems from a textbook example or assignment, they could not transfer that learning to a real-life situation or to a problem presented in a different context. A unique problem-solving model was developed by the University of Phoenix, and is used in every course in the M.B.A. programs. Students learn how to solve problems; they learn to apply that model to any situation, in any industry, and come up with a solution. Their most popular program is Business Management where 57% of their students are enrolled.

The University of Phoenix delivers education through courses that run five weeks long for an undergraduate course, and 6 weeks for a graduate course, which may seem short, but students take only one course at a time and totally focus on that one subject. They read an entire textbook or two and sections of others during that time. They combine local delivery in the traditional classroom (one night the first and last week from 6-10 p.m.) as well as online in the weeks in between. There is an online classroom and the faculty member poses questions specific to that week's learning objectives; there is total interaction between students and with faculty. **Dr. Bach** said that he was initially skeptical about delivering quality education online in that period of time, but he assured the committee that the courses he teaches in undergraduate finance for non-finance majors at the University of Phoenix have more content and more interaction with the faculty than the courses he took in an M.B.A. program at Syracuse University School of Management. He thinks that the quality of education is extremely high at the University of Phoenix.

The University of Phoenix provides options for working adults; their average student age is 34 and most are juggling families and careers. This university gives them the convenience of time and place and the ability to complete a degree in a reasonable period of time while still working full time. It takes four years to get an undergraduate degree with no prior college experience and it takes two years to get a master's degree. The cost at the University of Phoenix is an application fee of \$45 regardless of program; undergraduate classes per credit hour cost \$330 and graduate classes per credit hour cost \$385. Most courses are three credits; textbooks are available online and can be downloaded. The cost is \$70 for an undergraduate course, and \$80 for a graduate course, regardless of the number of books used. This also gives students access to other online learning aids such as simulations, and the largest electronic library.

The Axia College is an associate's degree program and these courses are nine weeks long; they have found that those initial students often need more time to grasp a topic, and they can stagger two courses at a time, so there is overlap but finals are never at the same time. The Axia College of the University of Phoenix opened in 2004 and is an accredited, totally online university that offers a twenty-month associate's degree; there are currently 50,000 students enrolled nationwide and 4,000 faculty, all with master's degrees or higher.

The University of Phoenix has graduated over 300 working adults in Idaho in the past 3 years. There are over 130 faculty members with more than 30 doctoral-level faculty who work full time in the Treasure Valley community, and they are also very involved in community activities. The University of Phoenix is a strong proponent of the community college in Idaho and in the Treasure Valley. They can fill a piece of the niche for working adults who would like access to an online university to get their community college associate's degree and a larger niche for working adults who want to be in a

traditional classroom part-time and online part-time.

Senator Lodge inquired about transfer of credits between a community college and the University of Phoenix. **Dr. Bach** stated that as an institution accredited by the North Central Association of the Higher Learning Commission, their credits are totally transferable between institutions and vice versa.

Following a short break, the committee reconvened for presentations by a panel of representatives from four local area chambers of commerce comprised of:

1. **Mr. Steve Ahrens**, President, Idaho Association of Commerce and Industry
2. **Mr. Ray Stark**, Senior Vice President of Policy & Partnerships, Boise Metro Chamber of Commerce
3. **Ms. M. C. Niland**, Chair, Board of Directors, Nampa Chamber of Commerce
4. **Mr. Scott Gipson**, Government Affairs, Caldwell Chamber of Commerce

Mr. Ahrens stated that he has been working on the community college issue since 1983. He said that he is substantially in agreement with all the comments made by **Mr. Dwight Johnson** and **Dr. Robert Kustra**. **Mr. Ahrens** said that IACI launched a task force on higher education in 1983 when a member of Hewlett Packard testified that Idaho businesses were finding it increasingly difficult to recruit engineering students at Idaho colleges and universities. The debate at IACI over community colleges has never been about need because they see the need in a variety of ways. There is a need for access to a two-year education, and there has been debate over funding and governance. There have been many proposals, all of which have been unproductive. **Mr. Ahrens** said that several years ago, they recognized that the best way to improve access to community college education is to do it in exactly the same way as the two excellent community colleges, NIC and CSI, have done. He is confident that in the areas of east and southwest Idaho, that the same thing can be done and provide the services that are needed.

Regarding workforce development, using Dell Computer and CSI as an example, it shows that when a local community college works integrally with a local business, both benefit, and that can be done in other areas of the state as well. NIC is responding to the nursing shortage. For remedial training, companies have to spend a great deal of time and money on their employees to train them so they can perform their jobs adequately.

When community colleges and access are discussed, most people think about the front end of the process: students leaving high school and going to a community college that will prepare them for a career. However, there are “boomers” who are retiring and finding that they want to remain in the job market, often in a capacity that requires a different set of skills than they used previously. Conditions are changing in the economy, one of which is the fact that people are now outliving what normally they would have thought would be their retirement lives. Short, precise training in a community college can integrate these people back into other professional involvement.

Mr. Ahrens mentioned a study by the U.S. Bureau of Labor Statistics pointing out that 8 of 10 of the fastest growing occupations from now through 2014 do not require a four-year degree. Twenty-five occupations were listed, all of which have salaries into the \$50,000 and up range, illustrating the need for access to two-year training. He touched on the fact that **Dr. Kustra** has previously discussed the opportunity in southwestern Idaho, and stated that in some ways there is almost a ready-made

community college planted there “ready to bloom if it’s watered a bit.” He suspects that the situation in Bonneville County is similar in many ways, and he stated that the challenge now is just to make this happen and bring an end to 23 years of discussions, so that those people looking for a community college education can get one. **Mr. Ahrens** closed by emphasizing that IACI believes the answer to the problem of creating better access to community colleges in Idaho is to form those community colleges under the same statutes under which NIC and CSI were formed.

Mr. Stark addressed economic development in the metro area. He said that in the country and the state there are two models: economic development is either a division of a chamber of commerce or a stand-alone organization. Each area does what is successful for that area, an example being the Boise Valley Economic Partnership (BVEP), which is a triangular relationship of government, business and education, formed to work on economic development regionally. He felt that his value at this meeting is to give an up-to-date picture of economic development in the Boise area in relation to the community college issue.

The top three issues to an economic prospect interested in relocating to this area are: workforce, real estate and incentives. After that, there is a myriad of factors that a prospect considers in site selection, from the cost of doing business to the education factor of public schools and higher education, among others. It is rarely just one factor that makes a difference. He noted that several years ago, the Boise area lost an economic prospect to Coeur d’Alene. The reason given by the president was Boise does not have “the lake” that Coeur d’Alene does. He added that right now, workforce is the primary issue. It is more than just the community college issue; it is also the greater workforce delivery issues and the higher education system a state has to offer. Using the example of Boise losing relocation of a new company to Colorado, it was noted the classes offered (metallurgy, for instance) in Colorado were such that Idaho could not compete.

The latest trade shortage in the metro area is in welding. They are trying to form a consortium of companies with the Larry Selland College, and there are companies with firm commitments to hire when trained. They are working with the Boise school system to use some of their facilities to provide a location in which to teach welding. The Boise Metro Chamber of Commerce sees the need for local decision making when it comes to a community college; when the site selection for a prospective company comes to town, they immediately want to meet with the president of the local community college.

Mr. Stark said that the Boise Metro Chamber uses the president of the Larry Selland College at BSU, **Dr. Larry Barnhart**, for that purpose, nearly weekly. It would be very difficult to ask a prospective company representative to drive to Ontario or to Twin Falls to meet that “local” person. The Boise Metro Chamber’s position is to support a comprehensive community college, preferably at the campus near the freeway interchange in Nampa that **Dr. Kustra** described earlier.

Governance, he said, is a more difficult issue, and for now, the chamber will wait to see what this committee’s recommendations are for a state system.

Ms. Niland gave a brief overview of her background and work experience in the Treasure Valley. She was born and raised in Nampa, but went out of state for her bachelor’s and her master’s degrees. She started a not-for-profit corporation in Idaho and has been with that corporation for 32 years. The

company has sites in the Nampa, Caldwell, Ontario, Fruitland, Boise, and Payette areas. She has a commitment to education in the Nampa area as well; her grandfather was principal of the first Nampa high school, so her family roots are in Nampa, and this is the land of her heart. She realized that not-for-profits needed to be more involved in the business community, thus she became involved in the Nampa Chamber. The Nampa Chamber is one of the most dynamic in the valley. They recently had a banquet which was attended by 545 people, and monthly luncheons draw 300, so there is much business involvement in the community.

A great deal has been said about the educational needs for a community college in the Treasure Valley, but in her opinion, the Treasure Valley is well served by excellent four-year institutions. She said that the Nampa Chamber does recognize the need exists for better access to associate's degrees in the area for students and for workers to become more skilled in the Treasure Valley, and most importantly, they want local control. It is critically important to them to have a role and a voice in establishing, directing and maintaining that over time. A vote of the 30-person Nampa Chamber board was unanimous in support of a community college.

Ms. Niland considers Nampa to be very fiscally conservative and they don't like to talk about property taxes, but they do know that this has to be on the table, even though they might not like it. What is critically important is the economic impact; Nampa is no longer a rural farming community, and the changes in Nampa have been dramatic. There are businesses that might consider relocating in Nampa, but she said that the Nampa area does not have the educational system that these companies need and want. Title companies have told the Nampa Chamber this is a very significant factor in their ability to recruit people to buy and develop in Canyon County. They need a community college to draw the businesses, and to create light manufacturing and industrial jobs that the area needs to provide salaries and benefits to the workforce.

Ms. Niland addressed the issue of the disabled and disadvantaged, people with whom she works daily. She cited the statistic that 70% of all people with disabilities in the state of Idaho are unemployed; they exist and live on Medicaid. The Medicaid problem continues to grow and it will continue to grow unless other opportunities are provided for these people. It is much broader in scope than educational opportunities; it is extremely important for the economy. The city of Nampa is totally supportive of a community college, as a place where these people can get training and education. **Ms. Niland** stated that the community very much appreciates legislators who come into the community who listen, but that they are looking for leadership on this issue. The solution to this problem is going to take more than voters voting and legislators listening; it must be legislators talking and voters listening. The Nampa Chamber of Commerce is supportive of the Idaho Legislature doing everything it can to educate their community; they will support the legislators in bringing a community college to Treasure Valley, because it is so critical to them.

Mr. Gipson stated that he is appearing before this committee to state the Caldwell Chamber of Commerce's position on the community college issue, although no formal vote has been taken. He is a member of the Governmental Affairs Committee and has had discussions with members of the chamber. There is support for the concept of a community college; they understand the need and that their economic growth is also at stake. **Mr. Gipson** said he is here to listen, learn and report back to the Caldwell Chamber and not to advise, except to urge caution with regard to property taxes. He said that as the growth has moved west through Nampa and into Caldwell, their property taxes are of increasing concern. Caldwell is reticent to support property tax increases, but has at almost every turn,

supported school bonds and bonding efforts to help build the infrastructure in Caldwell and the western end of the valley. They are concerned that continued support may be coming to an end; they were recently unable to pass a much-needed jail bond. The school districts are growing at an incredible rate, and every penny added to the property tax burden is ever increasing and hindering their ability to support more locally-controlled opportunities to grow education and expanded community college offerings. There are a number of options for a community college to grow, as **Mr. Ahrens** put it, “with a little watering”, and he asked this question, “Where are you going to drill the well and how deep?”

TVCC is already in place in Caldwell and has been a great partner with the west end of the valley; and they are working diligently to expand offerings in response to an opinion from members of the chamber. The mayor of Caldwell has said he supports the community college concept and that his office works closely with TVCC, hoping to expand that campus in Caldwell. They have a business plan that is not tax supported, a concept he fully supports. **Mr. Gipson** said that is fairly representative of the responses received, not specifically with regard to TVCC, but is in support of the need for increased offerings in the western end of the valley at a community college, keeping in mind the concern about property taxes. Increased jobs and education will increase the tax base, and they understand the funding mechanisms, but they urge caution as the committee moves forward, hopefully with a fully-evaluated and measured response to the need, so that ten years from now, as a community college continues to grow, they are able to keep up with the pace of that growth as well.

Senator Little stated that he had **Mr. Ahren’s** 1983 IACI report in front of him and he referred to page 30, 2nd paragraph which reads: “It seems patently unfair to the task force that some local communities must support higher education provided by their community colleges, NIC and CSI, while other educational services are available with no additional local tax burden in other regions of the state.” **Senator Little** asked **Mr. Ahrens** to comment on that. **Mr. Ahrens** responded that, as he recalled, it referred to the fact that community college functions are embedded in some of the other institutions and they thought that a true community college system should be uniform throughout the state. **Senator Little** said that the options at that point in time were either (a) unwind the local property tax assessment for those two college districts, or (b) implement a local property tax in the other 41 counties, and asked again for comment. **Mr. Ahrens** stated that he thought that the task force was going in the second direction, to establish the other community colleges under the same statutes as CSI and NIC. **Senator Little** said that the committee has heard from the University of Phoenix and TVCC saying that they might provide courses to train students for jobs where there are currently shortages, referring to them as “offshore institutions” for lack of a better term. He asked if **Mr. Ahrens** thought it was in their best interests to provide these more expensive services or does **Mr. Ahrens** think that these institutions will find an advantage in “picking the low hanging fruit” and leave those expensive programs to the poor taxpayers to pick up at some later time? **Mr. Ahrens** answered that they have heard from many people at this meeting, and received a very candid description of the tuition costs at the University of Phoenix. Without criticizing, he said that tuition costs are much more than are contemplated by the establishment of a new community college, or than are charged by the existing community colleges. The Selland College estimates that it might be able to provide community college services at a new institution in Canyon County in the range of \$65-\$75 per credit hour, so he thought of “low hanging fruit” more in terms of a community college, locally established, locally funded, locally governed, that can be much more responsive to local needs than an “offshore institution.” There are many examples of that happening at NIC and CSI, the welding programs, and LCSC’s welding class in aluminum. **Mr. Ahrens**

reiterated his support of local, public institutions.

Senator Little continued, stating that the University of Phoenix has human relations people for medical purposes, but that you can't have a hospital without nurses, and the nursing program on a credit hour basis is so much more expensive. The critical element for some industries is those expensive programs. Every day that we don't meet these needs, then other institutions come into Idaho to fill those needs, which is very profitable for them, but at a much higher cost to students. Every day that Idaho waits, more people come into Idaho to pick up these profitable programs and the more expensive ones are left for the taxpayers to absorb when they finally get around to it. **Mr. Ahrens** stated that he agrees with that, and that it relates back to the ability to respond to the local needs and with only secondary emphasis on whether it's the easy or expensive route to go; it is what is needed locally, that is important.

Senator Goedde stated that the committee has heard that the primary focus of the J.A. and Kathryn Albertson Foundation is the Treasure Valley, and asked if IACI is focused on the statewide issue or the Treasure Valley issue. **Mr. Ahrens** responded that these concepts apply across the state. The only difference is that, as **Dr. Kustra** mentioned, there is a 150 acre campus available and other buildings that are accessible, which would provide a substantial start toward a community college here in the Treasure Valley. IACI does specifically support action on a community college program in this area. If it's proposed in other areas, **Mr. Ahrens** thought that IACI would be equally supportive.

Senator Goedde stated that currently four-year institutions, with community college functions embedded, are functioning without property taxpayer contribution, and asked if **Mr. Ahrens** thinks we should not change that *status quo*. If a community college district is formed in the Treasure Valley with property taxpayer support, would we then go back and address the community college function at those four-year institutions? He cited the situation in Idaho Falls with the technical college where there is no local property tax support. **Mr. Ahrens** answered that the community college programs that are embedded in the four-year institutions need to come out of the four-year institutions. BSU is eager to move that function; he is not sure about ISU's position, not having talked with them. BSU has a different mission in mind for the four-year institution, which does not involve keeping control of the community college function. The financial repercussions can be dealt with.

Representative Rydalch commented to **Mr. Ahrens** that to develop new community colleges under the same statute as NIC and CSI requires support of Idaho taxpayers, and they are not willing to pay more property taxes. To go back and do something in a special session or next session with regard to property tax, to possibly put something back on the taxpayer, would be a huge issue with her and taxpayers. Her county tried twice to form a community college district, and it failed both times. There is an excellent technical college in her district that could become a community college without very much cost, by just adding instructors and general education, so it is hard to hear about forming another community college as the other two were, with property tax. **Mr. Ahrens** answered that his comments were directed more at the southwestern area of the state. He said that it may be true that a community college may not get support with the participation of property tax, but he submitted that is how far we have gotten in 23 years with any other proposal. If this committee could come up with a solution that would apply statewide to meet the concerns of NIC and CSI, as well as other parts of the state, that would pass the Legislature, then he would certainly be supportive of that. He has heard every idea, proposal, and argument, and he has not seen anything that has worked in 23 years. **Mr. Ahrens** thinks there is such an obvious need in the state where about 40% of the people in Idaho live, and he

recognizes that we don't have access to the very important kinds of programs that are available elsewhere. He sees what others are accomplishing, particularly in terms of economic development, and the fact that 800-900 students are being turned away from BSU, points to the fact that it is time for us to try to confront the property tax issue head on. We don't have to change a single law or go through the Legislature at all; we can use existing statutes to present the case to the people in this corner of the state. It is now worth a try, to see if the situation has changed so dramatically and so understandably that we may be able to get people to agree to pay a property tax on their home that would amount to two movies per year for a family of five. The price would be very small for the advantages gained, and he would like to try that.

Representative Smith stated that the words "community college" imply community college support; he added that under **Dr. Kustra's** recommendation, it would cost very little to create a junior college system, and that a district-wide vote would take a 2/3 vote under the present statute. It would take a very limited amount of money to run such a community college, and it wouldn't even amount to the cost of two movies per year per household. His question is, "Why not put this on the ballot, after a model is created that shows all the benefits and, with industry support, educate the public and see what you get?" He asked why this hasn't been done. **Mr. Stark** responded that he cannot answer why it hasn't been put on the ballot, other than to say that the property tax climate in Idaho has changed dramatically since June, 1978, when the 1% initiative passed. It has forever changed how we view property taxes, and that affects state government and local governments. It changed community colleges. The Boise Metro Chamber has worked tirelessly on local school bonds, winning some and losing some; it is extremely difficult to get a 2/3 vote on any bond election. It is amusing that organizations want to go down the property tax route, without ever having to work on them, because he knows how incredibly difficult that is. **Mr. Stark** said that in a year, if the situation is the same as it was at the end of the 2006 session, they will probably try to put it on the ballot. He noted that if there were a statewide system, which created a local community college here, there would be a variety of funding sources, from industry in particular.

Mr. Gipson added that it is not just the cost, but also the perception that education is all important. He said that school bonds, libraries, and all manner of public works in local communities, over which they have control, are paid for through property taxes. It would be a very hard sell, even though his community supports the idea. He asked the committee to make certain that they don't go out into the communities without the proper education as to the need and the cost, thereby possibly "poisoning the water in that well" by going to the taxpayers one more time with one more bond to support one more program.

Ms. Niland commented that with regard to the jail bond that failed, she thinks it would have passed, but the 2/3 majority is a really high standard to reach, and it takes much educating. The Nampa Chamber wants all options left on the table and they will trust the legislators to determine the best method to approach this situation. She pointed out that in Canyon County, the average per capita wage is under \$20,000; in Boise it is \$36,000 - a huge abyss between the two counties. They need to bring those wages up in Canyon County, but when you talk about tuition being so affordable at BSU, it really is not affordable for many residents in Canyon County.

Mr. Ahrens stated that they would have to calculate the cost of a certain level of levy; the maximum is .16%. He ventured that neither of the two existing community colleges now levy that full amount,

which shows that those districts have not abused their power to levy a property tax. He reiterated that BSU has prepared hypothetical models where they have determined, for example, how much revenue would be raised from a .02% levy assessed against the valuation in a district that consists of Ada and Canyon counties. That would set the base for a certain level of academic and vocational-technical offerings; it would amount to about \$25 for a fairly low-cost home. Compared to what the state is getting for what the citizens are paying, it seems to be a case that might be made to the voters.

Representative Bolz invited the attendees of this meeting, and anyone listening, to make any comments to legislators serving on this interim committee, and offered assurances that members look forward to getting input as they formulate their recommendations for the next legislative session.

Representative Bolz announced that the next meeting will be held at North Idaho College in Coeur d'Alene on July 7th; the committee will meet in Idaho Falls at Eastern Idaho Technical College on July 25th; and the meeting scheduled for September 11th will be held in Twin Falls at the College of Southern Idaho instead of Boise. Following committee discussion, the committee decided to meet in Boise on October 3rd.

Senator Cameron noted that whether a special legislative session is called, or whether that is postponed, the property tax issue, and the degree to which it may be resolved or addressed, could affect the decisions of this committee.

Representative Bolz affirmed that the committee's work could definitely be impacted by the property tax issue, and concluded with the suggestion that the committee should receive an update on the budget from JFAC, so everyone knows exactly how much ongoing moneys and one-time surplus moneys are likely to be available for the 2008 fiscal year.

The meeting was adjourned at 4:27 p.m.