

LEGISLATIVE COUNCIL INTERIM COMMITTEE  
COMMUNITY COLLEGES

Edminster Student Union Building  
North Idaho College  
Coeur d'Alene, Idaho  
July 7, 2006

MINUTES

*(As approved by the committee, with corrections<sup>1</sup>)*

The meeting was called to order at 8:30 a.m. by **Co-chair Senator John Goedde**. Other members present were: Co-chair Representative Darrell Bolz, Senators Dean Cameron, John Andreason, Joe Stegner, Patti Anne Lodge, Brad Little, David Langhorst and Edgar Malepeai, and Representatives Jim Clark, Julie Ellsworth, Leon Smith, Larry Bradford, Marge Chadderdon, Donna Boe and John Rusche. Senator Bart Davis and Representative Ann Rydalch were absent and excused. Staff present were Maureen Ingram, Matt Freeman and Jennifer O'Kief.

Others present were Dr. Michael Burke, President, North Idaho College (NIC); Rolly Williams, Chair, NIC Board of Trustees; Rolly Jurgen, Chief Financial Officer, NIC; Kent Propst, Candace Wheeler and Linda Michaels, NIC; Dr. George Copa, Professor, College of Education, Oregon State University; Joe Morris, CEO, Kootenai Medical Center; Dr. Kjell Christophersen, CCBenefits, Inc.; Jonathan Coe and Lucas Braden, Coeur d'Alene Chamber of Commerce; Angela Alexander, David Larsen and Freeman Duncan, Post Falls Chamber of Commerce; Paul Kimmell, Moscow Chamber of Commerce; Dean Kathy L. Martin, Lewiston Chamber of Commerce; Dan Wenstrom, Precision Machine & Supply, Inc., representing North Idaho Manufacturers' Association; Ron Nilson, Ground Force Manufacturing, representing North Idaho Manufacturing Consortium; Judy Meyer, Idaho Business Coalition for Excellence in Education; Steve Griffiths, Jobs Plus, Inc.; Ray Stark, Boise Metro Chamber of Commerce; Ross Borden, Boise State University; Sue Thilo and Dwight Johnson, State Board of Education; Luke Malek, Office of the Governor; Dr. Gerald Beck, College of Southern Idaho; Robert Ketchum; Mike Reynoldson, Micron; Dr. Mike Rush, Division of Professional -Technical Education; Alan Egger, Idaho State University; Dr. Bill Bach, University of Phoenix, Idaho; Shaunna Bach; Teresa Molitor, Idaho Association of Commerce and Industry; Lyn Darrington, AMI Semiconductor; Kevin Richert, Idaho Statesman; and Meghann Cuniff, Spokesman Review.

**Co-chair Senator Goedde** called the meeting to order. **Senator Langhorst** moved to approve the minutes of the meeting of June 19, 2006; **Representative Boe** seconded the motion. The motion carried unanimously on a voice vote.

**Dr. Michael Burke, President of North Idaho College**, said he is currently a member of the Board of Directors for the American Association of Community Colleges, which represents 1,158 community colleges in the United States. Forty-six percent of all students in higher education in America are enrolled in community colleges. NIC is Idaho's oldest public community college, founded as Coeur

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<sup>1</sup> Corrections on pages 2, 5, 7 and 9, as noted.

d'Alene Junior College in 1933. NIC is a comprehensive community college, with academic transfer and professional-technical functions, workforce training, and programs for remedial/adult education/GED/English as a second language. NIC serves five counties, encompassing over 7,660 square miles and serves a population of just under 200,000. Outreach centers are located in Post Falls, Sandpoint, the Silver Valley (Kellogg) and Bonners Ferry. There are also three sites in the Worley area on the Coeur d'Alene Tribe reservation. He stated that providing access to students in these outlying areas has given those students the educational opportunity that they would not otherwise be able to receive due to the distance, geography, and climate in the area.

**Dr. Burke** referred to NIC's Comprehensive Mission, 2005, which shows that the college served 4,369 unduplicated credit students in the Fall, and had 7,319 unduplicated annual enrollments in workforce training. Also served were 1,250 ABE/ESL and GED students, as well as 344 Head Start families and 8,875 clients in aging and adult services. Referring to Credit Enrollments, he noted the trend line that indicated significant enrollment growth since 1998.

Community college enrollment tends to be counter cyclical to the economy, i.e., when the local economy is strong, community college enrollments around the country tend to decrease. When there are hard economic times, community college enrollments increase. He quoted a statistic given by Kathryn Tacke of the Idaho Department of Commerce and Labor that employment in Kootenai County in the last two quarters of last year grew 6.8%, compared to 1.6% for the United States. There were 4,597 new jobs created and filled in the five northern counties in that time period. This illustrates that given the choice, community college students tend to postpone college and enter the workforce instead. On the other hand, a strong economy generates more adults who enter short-term, workforce training programs. The Workforce Training Center at NIC focuses on the employee workforce, people who want specific skill-set training. This is also the site for diverse training for the business and manufacturing communities, regional worker retraining program, and the Idaho Small Business Development Center and Riverbend Professional Technical Academy.<sup>2</sup>

NIC currently has 33 professional-technical education programs (PTE), six of which were newly added last year. NIC has been the fastest growing PTE college in Idaho. PTE programs are expensive programs with huge start-up costs, and faculty is often hard to find, but they are an integral part of this comprehensive education. He recognized the Meyer Health & Sciences Building that was recently completed, a 57,000 square foot facility with a \$11.9 million budget approved by the Legislature. NIC raised \$3.5 million to equip the building. He noted the generous support of Kootenai Medical Center and Inland Northwest Health Services. The nursing program has grown 46% since 2001, with a 100% placement rate for graduates.

**Dr. Candace Wheeler, Distance Education Director for NIC's Regional Mission**, provided a map of the various regions served. In 2005 and 2006, there were 430 credit/noncredit courses taught somewhere other than the NIC campus; 1,000 enrollments were in Sandpoint alone.

With regard to finances, **Dr. Burke** listed the college's sources of revenue: legislative appropriation, PTE, tuition and fees, out-of-district payments, and local property taxes. He noted that income from local property taxes has declined 9.8% since 1995-1996, that cost having been shifted to the student

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<sup>2</sup> The complete name of the academy is spelled out.

in tuition and fees, which has increased by 9.3%. The local property tax levy has declined since 1995, and the levy for 2006 is projected to drop from .0007 to .0005 this year. The NIC tax accounts for approximately 5.4% of all of the taxes collected in Kootenai County. He pointed out that when you consider the \$7 million investment that is being made locally compared to the economic impact represented by NIC, the college is an extraordinary investment yielding a huge return to this county. In fact, the NIC tax was \$100 or less for over 76% of the property tax bills mailed in Kootenai County in 2005; 46% were less than \$50. Of the total bills mailed, 23% were mailed to out-of-state addresses; about 28% of all taxable value was billed out of state.

**Dr. Burke** expressed his concern regarding the potential for a fully-funded state model. He said that from his perspective, it could create a dependence on two revenue sources: tuition and the state appropriation; and state revenues can vary significantly with the economic cycle. NIC and CSI tuitions are significantly lower than the four-year colleges in Idaho. Access is a function of lower tuition, meaning more students have a chance to receive education if the tuition is low. He referred to a recent news article that indicated college graduates in Idaho leave universities with the highest debt in the U.S., very troubling figures.

**Dr. Burke** addressed local governance as being essential to the health and vitality of community colleges. He stated that he believes this should be part of the model being contemplated. He listed the duties of the governance board which is made up of five locally-elected trustees selected in the general election. The trustees hire the president, set direction for vision and strategic plan, set tuition and taxes annually, approve budgets and compensation system, adopt and amend all college policies, buy land, approve outreach sites, and approve contracts with outside agencies, other governmental agencies and the NIC Foundation.

Lastly, **Dr. Burke** provided a sampling of data on the economic benefits to the community generated by NIC, taken from a report that was prepared by CCbenefits, Inc.:

- C \$301.7 million annually to labor and nonlabor income in Kootenai County
- C Improved health benefits and reduced welfare, unemployment, and crime costs, saving Idaho \$2.6 million per year
- C Taxpayers see return of 22.6% on their annual investment in NIC, recovering all investments in 6.3 years
- C Students realize a 23.3% annual return on their investment of time and money

**Mr. Rolly Williams, Chair, NIC Board of Trustees**, told the committee that local control is one of the main issues of concern and said that the board is responsible to the people who elect them to the position. He emphasized that 23.6% of the property taxes they collect comes from out of state. When the tax is spread across the district, it is fairly minimal and brings education to people who would otherwise not receive it. He agrees that a system needs to be established, and ways to generate money other than revenue that is already here, need to be considered. He commented that NIC and CSI are both quality institutions, and this accomplishment has been done through local control where people are responsive to their local communities.

In closing, **Dr. Burke** acknowledged the challenges and the enormous task before the Legislature. He commented that he believes the everyday quality of life is improved for their students and community on a daily basis and he believes this will be true for the rest of the state as these

deliberations continue.

**Representative Smith** asked **Dr. Burke** the following three-part question: (1) Can you estimate the monetary value of your physical plants and land? (2) How much of that value has been paid by the state of Idaho? and (3) How much remains on bonded indebtedness? **Dr. Burke** deferred to **Rolly Jurgen, Chief Financial Officer**, to respond. **Mr. Jurgen** estimated the value of the buildings at approximately \$150 million; the land (NIC owns 3,000 running feet of beachfront) is approximately worth \$1,500 per sq. ft., 100 foot-deep lot. He stated he would provide the financial report to the members at the break. In response to the second question, **Mr. Jurgen** stated that most of the buildings on campus have been built with state funds. The land was donated by the Winton Lumber Company in the 1930's and a bond issue was used to build Lee-Kildow Hall in the 1940's. In response to the third question, the bonded indebtedness is approximately \$10 million in the form of a student revenue bond for the Student Union Building and the dormitory. This is paid for entirely through student fees. **Representative Smith** asked further how much remains owing on the nursing facility, which was built with a bond. **Mr. Jurgen** said about \$10.5 million; **Dr. Burke** added that it was an initial \$11.9 million bond and this is the first year of operation.

**Senator Cameron** asked **Dr. Burke** to elaborate on the revenue sources by explaining how much money is allocated for academics versus athletics and other optional programs. **Dr. Burke** referred to a power point slide showing the percentage of revenues allocated to various categories of expenditure: Direct Instruction (44%) is the cost of faculty and cost to teach a class; Instructional Support (9%) includes the library, and the media center; Institutional Support (15%) includes the president and counsel for the college; Physical Plant (10%) includes custodial, maintenance and grounds; Student Services (9%); Administration (3%); Student Financial Aid (4%); Athletics (3%); and Public Service (2%) for funding events, etc. He noted that this distribution is fairly standard for all community colleges, and he will provide a copy of the slide.

**Senator Cameron** asked **Dr. Burke** what he believes the appropriate role of the State Board ought to be for community colleges. **Dr. Burke** replied that the State Board has a sincere and vital interest in nonduplication and noncompetition in the creation of professional-technical programs. They act as a clearinghouse, and all academic officers meet with the State Board to help with that function. The State Board is the referee as to how the curriculum is developed and to ensure it is done in a highly organized way. It is a very important function of the State Board.

**Senator Cameron** continued with a related question: Since this is their current role, does Dr. Burke suggest that there be additional roles or involvement from the State Board other than what is currently being done? **Dr. Burke** said that the State Board is involved with development of NIC's budget process, and also has a role in NIC's process for facility development. They set some of the guidelines around enhancement requests within the strategic goals of statewide education for the entire state. This kind of role is helpful and provides guidelines for NIC.

**Senator Cameron** asked **Dr. Burke** to explain NIC's current position and future position on the issue of foregone balances (additional taxing authority). **Dr. Burke** replied that the current foregone balance is approximately \$2.5 million. They have been very concerned about raising tuition fees for students who could be priced out of the market, and at the same time need to stay competitive with salary issues and still attract quality staff. They were looking at fixed, ongoing institutional costs that are needed to grow the institution and meet the current demands. **Senator Cameron** followed up by saying that the

foregone<sup>3</sup> balance was created because of the property tax relief that was attempted by the Legislature ten years previously and there was a “gentlemen’s agreement” not to use those foregone balances if the state were to participate in an increased funding level for community colleges, particularly NIC and CSI. **Dr. Burke** offered that the local trustees are not likely to use that mechanism again.

**Senator Stegner** asked **Dr. Burke** to give a brief description of the outreach centers and inquired about ownership of the buildings in those areas. **Dr. Burke** explained that in 2005, NIC funded \$106,875 for the Sandpoint center, and the local community contributed about \$95,800 “sweat equity” including charging less for rent, remodeling a storefront property, and similar efforts. The result is state-of-the-art, university-quality classrooms in a rather old building, including technology links back to NIC campus support staff. A similar model is in Kellogg, where the City Hall has been given to NIC and city operations were moved to old Bunker Hill facilities. **Candace Wheeler** described the other centers by explaining that in Bonners Ferry, it has been a collaborative effort. The Panhandle Area Council has purchased a building for the county and in ten years they will turn that building over to Boundary County. The Kootenai Tribe will be paying the mortgage for one to three years; NIC will have no building costs. The county and the city are helping with remodeling costs. Now they are ready to start, and do what they do well. A full-time staff person will be on the site July 10, and classes are set to begin in August, 2006.

**Senator Stegner** asked **Dr. Burke** to rank the adequacy of facilities and the need for facilities of those three centers over the next fifteen years. **Dr. Burke** said that for Sandpoint, they have already outgrown the facility and will probably consider a location in the mall area that will be much more amenable to the adult basic education program growth in that area. Kellogg is a small facility, which they will probably outgrow soon, and will probably seek advice and assistance from the community again by trying to use existing retail space that is available rather than build something new. The same would be true in Boundary County. At some point, they would like to consolidate the various facilities used by the Coeur d’Alene Tribe into one facility. They want to develop and grow professional-technical education, and want to work with K-12 for a seamless curriculum. Not all PTE programs fit in a downtown campus, so they are looking forward fifty years. It makes sense to purchase land to build on a future site, which needs to be an easy commute between the three large school districts of Rathdrum, Post Falls and Coeur d’Alene.

**Representative Bolz** posed the following hypothetical situation: “Let us say that we are not going to create a property tax situation with the community college, but yet we still require that the local board be elected as is the current board. The question is, do you think that a locally-elected board would still have the same kind of local control, even if the funding does not come from the local people? **Dr. Burke** replied that control will follow the money in most situations. The local property tax affords the opportunity for local control.

**Senator Little** inquired about maintenance of buildings in outreach centers. **Dr. Burke** replied that those costs come out of the permanent building fund if NIC owns the building, but there is no liability for buildings NIC uses but does not own. **Senator Little** asked **Dr. Burke** to provide an estimate of maintenance costs, such as a percentage for every \$100 million of value, in the event of expanding a community college system elsewhere in the state, in order to have an idea of what the maintenance

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<sup>3</sup> Typographical correction.

costs would be and how much the public works budget, meaning the permanent building fund, would have to be enhanced. **Dr. Burke** offered to help determine such costs.

**Representative Chadderdon**, acknowledging Dr. Burke's membership on the national board of the American Association of Community Colleges, asked how the changing workforce in America has been addressed in some of their meetings. **Dr. Burke** replied that their two key areas of focus are the skills gap and the equity gap, or achievement gap of minority students.

**Representative Rusche** commented that Lewiston does not have a community college, or a taxing district, or local control, but they still seem to get the job done through Lewis-Clark State College. Referring to the earlier figure that only 5.39% of all the property tax revenue raised in Kootenai County is generated by the NIC property tax, he asked **Dr. Burke** to explain the connection between local control and local money. **Dr. Burke** replied that having local control affords them the opportunity to have a board of trustees that live in the community and are stewards of this investment. They can make decisions that are related to the needs of local businesses and manufacturers in the community. The power that the local board provides is that they can determine what is the "best fit" for the local community.

In response to a question from **Senator Goedde**, **Dr. Burke** said that the NIC property tax comprises 22.2% of all revenues received by the college.

A copy of Dr. Burke's power point presentation is available from Legislative Services Office.

**Matt Freeman, Budget and Policy Analyst, Legislative Services Office**, provided the members with responses to questions from the June 19 meeting in Boise that required additional research to answer. His materials include attached exhibits for reference.

**Mr. Dan Wenstrom, President of Precision Machine and Supply** of Lewiston, ID and Spokane, WA, addressed the committee on behalf of the **North Idaho Manufacturers' Association (NIMA)**. NIMA is a coalition of forty-three member businesses in Regions 1 and 2 in northern Idaho and includes a few members in Eastern Washington. Their organization consists of mostly small businesses in the manufacturing sector. He said that the majority of members of NIMA are seeking more skilled employees. Skilled workers currently sought include welders, fabricators, machinists, and tool and diemakers. Wages range from \$25,000 to \$75,000 per year, and include full benefits. His company continues to employ graduates of NIC and LCSC's technical programs.

**Mr. Wenstrom** stated that the ongoing success of every company is its access to skilled labor, which is why NIMA board and members strongly support the availability of skilled technical training opportunities for those interested in pursuing careers in manufacturing, and for those who desire to upgrade their technical expertise so as to pursue improved job opportunities, and even for those who want to change jobs in mid-life. Additionally, there is a misperception that manufacturing careers are being outsourced, which may be true in some sectors. However, there remains a strong and vibrant manufacturing economy in Idaho. Industry and the education system should be doing a better job of informing students about the real job opportunities that exist in manufacturing. He stated that NIMA very much supports the expansion of technical training opportunities at Idaho's community colleges, but recognizes the problem in providing additional money for training programs. He believes that a balanced, statewide funding system is the best choice to provide this essential service, as opposed to

seeking funding through property tax measures.

**Ron Nilson, owner of Ground Force Manufacturing**, Post Falls, Idaho, addressed the committee on behalf of **North Idaho Manufacturing Consortium**, which is made up of twenty-seven of the top thirty manufacturing companies in North Idaho. His company, Ground Force Manufacturing, manufactures mining equipment for mines around the world. The Consortium was formed in order to create a work environment for companies to attract skilled workers, which in turn will bring future manufacturing to this region. Their goal is to increase the size of the work pool so they can increase the size of manufacturing in northern Idaho. They currently employ over 5,000 people and pay over \$150 million in payroll. All 27 of their companies have a full benefit package, which negates the perception that one cannot live in Northern Idaho and support a family by working in a blue collar job. Entry level is well over \$15 per hour; some positions paying over \$100,000 per year.

**Mr. Nilson** said that his organization is trying to bring some respect back to professional-technical training, formerly known as vocational training, and believes this needs to start with the education system. They believe this type of awareness in technical career opportunities needs to be emphasized at the high school level, and industry needs to take part in this challenge of educating students on what is available and also be involved in their career path. The professional-technical guidelines that they follow have resulted in advancing from a shortage of workforce in the last two years to well over 300 positions today. However, there is room for improvement, as the quality of workers seems to be deteriorating. Also, he sends “fifteen workers with work”<sup>4</sup> out of state every month because the work is not here. There is not a big enough pool of skilled individuals to draw from. Currently, there are three companies in the consortium that are considering leaving the state because they have lost confidence that a sufficient work pool will be created. He stated that the consortium supports a state-run program and one that gives them the local control.

**Mrs. Judy Meyer, Idaho Business Coalition for Excellence in Education (IBCEE)**, Coeur d’Alene, ID, was also recognized by **Senator Goedde**<sup>5</sup> for her and her family’s very generous assistance and contribution to the new Meyer Health & Sciences Building. Drawing from her family’s private office leasing business, she said they serve small and large employers such as Verizon, Coldwater Creek and Kootenai Medical Center. They also work with manufacturing companies, and others including Albertsons, Border’s and Best Buy. They see and hear about the challenges of finding qualified employees.

**Mrs. Meyer** stated that the most powerful leverage for economic development is the investment in the intellectual capital of the people in the community. Community colleges are one of the best untapped opportunities in Idaho for people to be empowered with knowledge and skills to be more productive in their lives and thereby successfully contributing to their communities.

She explained that IBCEE is a coalition of about 75 CEOs and presidents from businesses of all sizes throughout Idaho who believe that “the development of an efficient, affordable, and accessible statewide community college network must become a key strategy in supplying the needed workforce

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<sup>4</sup> Quotation added.

<sup>5</sup> Typographical correction.

and sustaining quality growth in the Idaho economy.” (A copy of ICBEE’s membership list is available from the Legislative Services Office.) She stated that IBCEE recognizes the challenge: how to pay for, and how to govern community colleges, as well as create a workable framework which does not hurt existing colleges and universities. ICBEE makes the following suggestions:

- C There must be new funding. Community colleges cannot be funded by reallocating money already dedicated to education.
- C There must be local governance. A centralized system without a measure of local control is unlikely to be sufficiently responsive to local concerns and opportunities.
- C Existing institutions must be held harmless. The existing institutions do a fine job with their missions and must not be penalized as a network of community colleges is developed.

**Mrs. Meyer** closed by stating that Idaho’s future depends on the education Idaho students receive now and in the future. Changes are needed if Idaho is going to grow and compete in the nation’s social, economic and political arenas.

**Mr. Joe Morris, CEO, Kootenai Medical Center (KMC)**, Coeur d’Alene, explained that healthcare covers some 5,600 jobs in Kootenai County and is one of the largest segments of employment; it accounts for \$186 million in payroll for Kootenai County. Healthcare jobs in Kootenai County have increased 38% in the last five years. He addressed the role of the community college and the employer regarding future workforce demand in healthcare in Idaho. With that growing demand, KMC has a great interest in what the community college will be able to provide them. He stated that the growth in the number of healthcare jobs is dramatic and is going to accelerate. One reason is demographic, and due to the baby boomer/aging population. In 1995, there were 11 million healthcare workers in the U.S. By 2020 there will be 18 million. At the same time, the workforce in healthcare is also aging, with the average nurse at KMC being 47 years old. The Department of Labor projects that nursing is the single fastest growing job between now and 2012. Currently, 30 states report a shortage of nurses, and it is estimated that forty-four states in this country will have a nursing shortage by 2020. Given these statistics, last year 32,000 qualified nursing school applicants were turned away because there was not room in the schools to accommodate all of them.

KMC has had a thirty-year partnership with NIC. The new health science building has allowed the nursing program to expand from some 40 plus RN students to 60 RN students. Last month NIC graduated 49 RN’s, of which the medical center hired 15. They also work with NIC and their programs in pharmacy and radiology technology, microbiology assistants, medical transcription, and office management. The four-year colleges also have a role, and partner well with the community colleges. KMC partners with LCSC, ISU, and U of I in creating a workforce that they can utilize.

**Mr. Morris** stated that employers and industry play a significant role in developing partnerships with their local community college, and they have certain responsibilities that are highlighted as follows:

- C Create an interest in health care careers. KMC holds job fairs at the middle school, attends job awareness day, provides for job shadowing at the hospital, creates a team volunteer program, and provides for internships.
- C Advocate for rigorous curriculum in the schools. For example, encouraging the math and science courses for those who might be interested in the health science field.

- C Partner with the community colleges to prepare students using preceptors assigned by the college and paid by the employer. KMC provides clinical experience to the LPN students; allows staff to teach certain classes at NIC.
- C Pay dollars toward tuition. KMC paid over \$100,000 last year for employees to attend school.
- C Contribute capital for equipment. KMC contributed \$481,000 in value toward equipment to the health sciences building. Most of the equipment is identical to what is used in the hospital.
- C KMC uses grant money to acquire simulators, which are installed at NIC so that the nursing students can learn on the new technology.
- C Contribute in other ways. Currently KMC is paying for 10 ISU pharmacy students in Coeur d'Alene, which requires a full-time professor. KMC pays one-half of the salary and ISU pays the other half.
- C Be a great place to work! It is about culture, staffing, job design, equipment and support, career opportunity, tuition payment, continuing education, and other opportunities.

**Senator Goedde**<sup>6</sup> asked **Mr. Morris** to speak to the problem of placing nursing students for their practicum/internship. **Mr. Morris** explained that essentially, most of the healthcare fields have an apprenticeship program. Much of a student's time is spent in the work setting; however, there are limitations to availability of clinical experience and patients. They try to accommodate the students as best and as often as they can. Most often the clinical experience is during the weekday. Those hours can be expanded to evenings and weekends, as well as making use of other facilities, but the hours for clinical experience and facilities are limited.

**Representative Rusche** added that partially compounding this situation, is the fact that hospital beds have decreased nationwide at a time when nurses' training needs to be increased. He asked **Mr. Morris** to expound on the PTE approach to healthcare employees versus the baccalaureate approach. **Mr. Morris** explained that out of 1,600 employees at KMC, less than half need a bachelor's degree, some require master's, and some need a Ph.D. Nurses comprise over 40% of the employees, which is why there is so much attention placed in this area. RN's are on the academic side; the other half would be from the vocational side.

**Senator Cameron**, acknowledging Governor Risch's initiative/discussion trying to address the nursing shortage, asked **Mr. Morris** if he believes the current nursing shortage would be better resolved through a community college system or through an expanded university program. **Mr. Morris** replied that his answer could be both, but given a choice, he would take the community college program. There was a move nationally to require all nurses to have a four-year degree. The hospital industry fought that, realizing a foreseeable shortage of nurses. The community college system can produce more nurses faster and is usually more accessible. An RN, once employed, can continue on for the bachelor's degree, which is encouraged. He added that the more the nursing program is spread out, the more opportunity there is for obtaining the clinical experience requirement at other hospitals; it is a way to overcome the limited availability of clinical experience. He commented, "We like the mix of them all," meaning having nurses with associate's degrees and others with graduate degrees.

**Senator Cameron** asked if he had any comments regarding the agility/responsiveness of the community college to meet the needs of the situation, such as the nursing shortage versus university

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<sup>6</sup> Typographical correction.

level. **Mr. Morris** replied that his impression is that the community college acts more quickly. A good example is the radiology technician program, requiring technicians to operate equipment. This is a fast growing field, with technology continually changing. The vocational-technical programs can respond much faster to address these needs. The four-year colleges take longer, given their culture and their process. He said that they work with about twelve to fifteen various colleges in Montana, Washington and Idaho.

**Representative Boe** asked what the difference is, and the requirements for, instructors in community college nursing programs compared with those who teach at the university level. **Mr. Morris** said that he is not sure if all four-year college instructors need master's or Ph.D. degrees. The Idaho colleges require a master's degree, but not a Ph.D. He added that NIC and KMC have "swapped" instructors; one instructor has left NIC to teach classes at KMC and two nurses have left KMC to become instructors at NIC. He added, nationally, some first-year nursing students make more money than their instructors. Nationally, there is a shortage of faculty.

**Representative Boe** commented that her understanding was that the bottleneck in the nursing program results from the difficulty in finding faculty with a doctorate, which she thought was a requirement to teach in the four-year program. **Dr. Burke** responded that they look for a master's degree in nursing for their faculty because it is required by NIC's accreditation standards. Clinical sites are a constraint, but more critical is finding teachers with master's degrees, an enormous challenge every year.

**Senator Goedde** asked, in the case of four-year institutions, if a Ph.D. is required. **Dr. Burke** said that he couldn't say for sure, but he wouldn't be surprised.

**Mr. Steve Griffitts, Jobs Plus, Inc.**, Coeur d'Alene, explained that Jobs Plus was created in 1987 for the purpose of expanding and diversifying the economic base in North Idaho. He said that during the past two years, Kootenai County has added 250 manufacturing, 1,700 construction, and 800 healthcare related positions. He highlighted two criteria that companies consider when looking at locating to an area: (1) Availability of a skilled workforce; this is beginning to decline, and (2) Affordable housing; this is now a problem. He said that there have been many great companies who have moved into and have become a part of our community. He said that if you want to work on property tax relief, bring companies to your area. He quoted from *American Farmland Trust*, "A resident that pays \$1 in property tax uses \$1.17 in services. A company that pays \$1 in property tax uses \$.27 in services." He sees this as a wonderful method to fill the gap and to reduce property taxes. Companies he recruited during last year paid \$4.6 million in property taxes last year alone. Consequently, he believes, economic development is the key to lowering property taxes and expanding and diversifying the economic base.

Educational opportunities in bio-tech, customized manufacturing, higher-tech, the medical industry, to name a few, need to be considered because there are still shortages of workers in these areas. However, NIC workforce training is a "jewel" to the community. He described Dr. Ketchum, Executive Director of NIC's Workforce Training and Community Education, as being phenomenal in working with the companies new to the area and providing them with the training they need to make their workforce better. Dr. Ketchum makes a point of reaching out to the companies, not just waiting to hear from them.

He said that NIC and its workforce training center is a huge piece of their economic success. The reason some of the companies are here is because of the quality and the flexibility of this NIC program. He

related a situation that arose with the company, Buck Knives, who wanted to find out if the company could pay in-state tuition for their employees who were relocating to the Coeur d'Alene area, instead of out-of-state tuition. Because of the relationship Jobs Plus has with NIC, they received a quick response and were able to report to Buck Knives that NIC had agreed to the in-state rates. Such a decision was a great incentive for this new business.

**Senator Little** asked, if by using the example just given of NIC allowing the in-state tuition rate, which hypothetically assumes that local funding was eliminated, how would that model work if we go to statewide funding and have a special circumstance where you want to encourage a big business coming in, but it is state money instead of local property tax money? **Mr. Griffiths** replied that because of the flexibility aspect, i.e., knowing who he needed to talk to, then making a presentation to the Board of Trustees, he was able to receive the feedback he needed in a very short period of time. He said that he doesn't know if individuals throughout the state would be as concerned about what is going on in Kootenai County as he is.

**Senator Little** commented that NIC is basically taking a financial "hit" to their financial statement by waiving this amount of money. If it is local money, then the people making the decision are accountable to the local taxpayers, that's fine; but if it is state money, why wouldn't every community college say, "Oh it's state money, we will just waive tuition whenever we want?" **Mr. Griffiths** replied that the number of individuals who would use that program is limited. The message sent is that we want to partner, which is very important to the companies. He recognizes that the needs vary within each county/area. He would hope that, for example, Ada County could look to Kootenai for their support if it were needed.

**Representative Rusche** asked if there is a role for labor organizations in replicating their membership and improving the workforce. **Mr. Griffiths** replied that, in his opinion, there is a huge role for the companies, and for labor, and for the accountability of students. Labor does have a role and it is in their best interest to help drive certain levels of qualification. Having choices is important, and industry can choose to work together instead of being forced.

**Representative Chadderdon** commented, with regard to Senator Little's question, that the tuition-waiver programs currently being practiced between the states would somewhat fall into line with the tuition allowance for people moving to Idaho. She believes that there are ways to waive that on the state level.

**Senator Little** said that hypothetically speaking, if you have two community colleges, for example, one in Troy and one in Deary, that are funded entirely through the state's General Fund, and a large company came, what is to prevent Troy from waiving fees and training students for free because it has state money? At the same time, Troy could be competing with Deary for the facility. Under the current model, the community colleges are spending partially their own local money. If they are spending all General Fund money, what is to prevent them from waiving fees and simply asking the Legislature for more money? **Mr. Griffiths** responded that any decision should be driven by what makes economic sense, but those with local control will not do anything that would put their local college at risk. Common sense applies in these situations, too. As for the two existing community colleges, CSI and NIC are partners as well as competitors.

A panel of representatives from four local area chambers of commerce offered comments specific to

their association's membership and business climate. The panel was comprised of:

1. **Mr. Jonathan Coe**, Coeur d'Alene Chamber of Commerce
2. **Ms. Angela Alexander**, Post Falls Chamber of Commerce
3. **Mr. Paul Kimmell**, Moscow Chamber of Commerce
4. **Dean Kathy Martin**, Lewiston Chamber of Commerce

**Mr. Jonathan Coe, Coeur d'Alene Chamber of Commerce**, spoke of the tremendous value that NIC is to the community. He referred to the CCbenefits report that estimates a \$300 million economic benefit to the community generating from NIC. He said that businesses, such as the medical profession, law enforcement, and automotive benefit from having NIC in the community. The college provides training for existing and future employees. NIC helps them to attract other businesses to this community. He would submit that the system for creating, governing and funding these community colleges does, in fact, work. Residents of any county in Idaho can create a community college district by their vote; it is in their power to do so according to current law.

**Mr. Coe** offered two specific suggestions to be considered as the committee moves forward. The first is creating an income tax credit equal to 50% of the property taxes paid into a community college district. This would lower the burden on local property taxpayers and would lower the bar for other communities who might consider creating such a district. Secondly, increase funding for technical-professional education in Idaho. There is the existing technical college system within the state. Funding for it comes through the professional-technical program, and they advocate a dramatic increase in those funds. This seems to them to be the most cost-effective, efficient and quick way of providing additional funds for the training that is so badly needed and is in so much demand by their member businesses.

**Ms. Angela Alexander, Post Falls Chamber of Commerce**, said the Post Falls Chamber supports legislation to create a statewide community college system, provided such legislation includes provisions for an opt-out election and for local governance, along with a fair and equitable funding system at the state level. Local businesses will tell you what they want; it is the responsibility of local governing bodies to listen and respond to the needs of the community. She stated that vocational and technical training need to be increased, and asked the committee to address this need. A copy of the chamber's position is available from the Legislative Services Office.

**Mr. Paul Kimmell, Moscow Chamber of Commerce**, said descriptive words such as market-driven, accessible, low-cost, relevant, flexible and responsive, seem better suited to the business community than the education community, but they are key ingredients for Idaho to stay relevant and competitive in a global economy. We need to reform education, beginning in the first grade, and it is critical that the community college system in Idaho also be reformed and expanded, to address the critical shortage of people trained for workforce demands, especially the manufacturing sector.

He listed three challenges and commented on each: governance, funding, and curriculum. Regarding governance, the current system works well; he recognized NIC and CSI as good examples of that. The Legislature, the education community, and Idaho businesses have a unique opportunity to create a system of local, regional and statewide governance. Regarding funding, the property tax element needs to remain in the funding formula; it is important not to diminish the moneys going to them; and the balance of taxes needs to be changed, meaning the ratio of state support to local property tax contributions. He suggested the beer and wine tax could be a new source of funding. Regarding

curriculum, it needs to have national and global relevance. The system should provide an educated workforce, which is critical to both attracting companies that provide high-paying jobs and providing workforce training for existing businesses and industries. Community colleges need to be able to respond, and change quickly, to meet their needs.

A copy of **Mr. Kimmell's** remarks is available from the Legislative Services Office.

**Dean Kathy L. Martin, Lewiston Chamber of Commerce**, stated that she is serving in two capacities simultaneously, as President of the Lewiston Chamber of Commerce, and as Dean of Community Programs at Lewis-Clark State College. LCSC provides services similar to NIC, such as adult education, GED, workforce training, PTE throughout their community, and also has outreach centers in Orofino, Grangeville and Kooskia, which are provided rent free because those communities want LCSC to be there.

She said that a “cookie cutter” approach might not work for all colleges because each region is slightly different. For example, in Clearwater County, the unemployment rate is almost the highest in the state. Their businesses and industries are not the same as in the rest of the state. Consequently, it would not be equitable to ask their taxpayers to pay more, and it is questionable whether a statewide system would offer equity either. She cautioned the committee to proceed carefully in this respect. She also stressed the importance of access, which is directly related to lower rates, to enable those from the more economically-depressed communities to have educational opportunities. The rates at a four-year institution are higher than at a community college, so they could use help there, but it always pays off.

**Representative Rusche** asked **Mr. Coe** if it would be in the state’s interest to create community colleges to serve the needs of the population even though the voters haven’t created a community college district. **Mr. Coe** replied that this is a very difficult issue. Clearly they support community colleges fully. On the other hand, they do think that this is an issue that needs to be addressed by the local community. The question to ask is, “Are there mechanisms in place to create a community college?” Ultimately, it should be coming from the voters to do so.

**Representative Smith** asked **Mr. Coe**, in view of his advocacy for continuing the current statutory scheme for creating community college districts, whether, under the present property tax situation in North Idaho, would creation of a community college district in Kootenai County be successful if you did not have one now? The second part is, it requires a two-thirds vote to form a district. Do you think that relaxation of the two-thirds requirement to something less --50% to 60%-- would be advisable? **Mr. Coe** replied that the property tax issue would be difficult to pass, given the current situation today. Lowering the super majority requirement is a good idea.

**Representative Bolz** referred to a comment made by a chamber panel member at the June 19th meeting in Boise, that possibly adding a property tax for a community college might “poison the water down in the well” later on for other elections, such as school bond elections. He asked this chamber panel if any of them thought this might be a problem. **Mr. Coe** replied that this type of situation is not a problem in Kootenai County. **Mr. Kimmell** replied that he thinks there will always be competition for tax dollars, regardless of what they do. He believes that the positive economic impact of investing locally with local dollars, will far outweigh that additional property tax cost. He believes this is a very fair and effective process.

**Senator Goedde** asked **Dean Martin** that since LCSC does not have the local control that NIC has, whether she sees a hindrance in their economic development efforts because LCSC cannot make local decisions as easily. **Dean Martin** replied that at this point in time, they do not feel this is a problem for them. They are actively involved with the development center and Clearwater Economic Development Association, and are able to make local decisions on noncredit courses, working with all of these communities in the five county regions. They go to the State Board when they need support for making certain decisions, but feel that they can make them when they need to and act quickly. However, to offer a new program in PTE, they do have to get permission from the State Board, but in the meantime they are able to make modifications and respond very quickly if necessary. **Senator Goedde** referred to the instance of Buck Knives having had tuition adjusted, and asked if LCSC would need state approval to make the same kind of decision. **Dean Martin** acknowledged that they would have to seek the State Board's approval.

**Senator Cameron** asked how long it takes to obtain approval from the State Board to offer a course that is not currently offered. **Dean Martin** replied that in the short term, they can offer a class considered a "special topic" for one semester; they have two years for their curriculum committee to develop the program, obtain faculty support, and then seek approval from the State Board, which usually takes one year. **Senator Cameron** asked if she could provide an example of an industry that has requested a specific course in the last couple of years. **Dean Martin** replied that in PTE, they have been able to respond to graphics education requirements in printing technology; through nursing they have been able to add classes for radiology technician, adding that they were able to make modifications before the class was permanently added.

**Ms. Alexander** commented that the Buck Knives incident is the first one in about five years, and she hopes that the committee will keep in mind that this is just one small piece of inviting businesses to come to Idaho. Luring them with just that one incentive is not what this is all about. It is about providing the right education to the students and the businesses that need them; it is about vocational-technical training.

**Mr. Kimmell**, in a follow-up to **Senator Cameron's** question earlier regarding the resident/nonresident tuition question, commented that perhaps a discussion could take place and a program created with the Department of Commerce and Labor where this could be an incentive tool that would not have to go through State Board of Education channels, and therefore would not "ruffle any feathers." You could provide this as an added incentive, through workforce development, as an educational training opportunity. The difference between nonresident tuition and resident tuition could be made up by the employer.

**Senator Little** noted that **Mr. Kimmell's** remark helped to reinforce the point made earlier by the senator, that the incentive to use money wisely at the local level may be severely compromised if the revenue source comes entirely from the state and does not contain a local property tax element.

**Mr. Coe** commented that he thinks the important issue is that economic development is very fast moving. He stated that **Mr. Griffiths** was able to receive a response from the NIC trustees within a week. Whatever the issue might be, the response time was critical, and if Mr. Griffiths had been dealing with a statewide board, it is unlikely the response would have come in time.

The committee recessed at 11:55 a.m. for lunch and reconvened at 1:00 p.m., **Senator Goedde**

presiding.

**Dr. George Copa, Professor, College of Education, Oregon State University**, is an international expert in community college education. He is under contract for architectural work at BSU-West. He has taught for eight years in the community college leadership program in many western states. Prior to that, he initiated a program in Minnesota for community college leaders, serving teachers from Minnesota, South Dakota, and Iowa. He works with colleges and state education agencies across the United States and internationally, teaching courses in educational planning and design, and research and evaluation. His work has been published in over 150 journal articles, research papers, and books.

**Dr. Copa** said that as he reviewed the materials prior to this meeting, it appeared that the broad policy challenge facing the committee is, “What should the Legislature do about improving and expanding community college services in Idaho?” He further defined community college services to include PTE, transfer courses for credit, developmental, short-term, adult, noncredit business services, and others.

**Dr. Copa** explained that his presentation will be an informal workshop session, with the members providing most of the input, dialogue and conversation. The purpose of this session is to develop an initial policy framework to advance the committee’s current thinking, and to frame policy issues and options that might be considered by the committee. There is no intent to provide closure or find consensus at this point. The goal is to refine the questions, to determine those that might require further attention, and to position the committee to make the best use of their time in future meetings. This includes advancing the committee’s thinking about the scope of the policies to recommend, along with the strategies and priorities for that. **Matt Freeman** assisted with recording responses on a flip chart as the session progressed.

The following three questions were presented to the committee, each on its own worksheet, and time was allowed for each committee member to record his answers. Discussion was held on the responses to the first worksheet, before proceeding to the next one.

1. What are the **desired features** (i.e., short and long-term characteristics and attributes) of community college services in Idaho?
2. What are the **major policy issues** (i.e., questions, concerns) that need to be addressed for the Legislative Interim Committee on Community Colleges to reach its goal(s) with regard to community college services in Idaho?
3. What are the **policy options** (i.e., resolutions, responses) that should be considered to address the major policy issues that must be resolved for the Legislative Interim Committee on Community Colleges to reach its goal(s) with regard to community college services in Idaho?

For two of the major policy issues identified under question 2., governance and funding, the policy options of question 3. were explored for each, as were the pros and cons of each of the policy options identified for governance and for funding.

**Dr. Copa** reiterated that no response from any member during these exercises will identify that member as being in support of the response. The purpose of these exercises is to place features, issues, options,

and pros and cons of options, on the table for possible consideration in the future.

In response to Worksheet 1., to list “desired features” of community college services in Idaho, the following characteristics were identified:

1. ACCESS -- geographic, demographic, available to students of all ages
2. WORKFORCE TRAINING AND PROFESSIONAL-TECHNICAL EDUCATION -- involving initial training and throughout a person’s lifetime
3. ARTICULATION/TRANSFERABILITY OF CREDITS -- credits transferable in-state and out-of-state
4. AFFORDABILITY -- to students and to taxpayers
5. FISCAL EQUITY -- statewide for the student wherever classes are taken, and for the taxpayer
6. LOCAL CONTROL
7. RESPONSIVENESS/AGILITY -- meeting needs of citizens and businesses in a short period of time
8. REMEDIATION -- GED/Adult learning/English as a second language
9. DUAL ENROLLMENT OPPORTUNITIES -- between high school and college
10. EFFICIENCY -- best use of resources, consideration of costs and benefits
11. FOCUS ON TEACHING -- more student-friendly, learner-centered, smaller size classes
12. PARTNERSHIP AND ECONOMIC DEVELOPMENT -- regional service areas
13. CONTINUING EDUCATIONAL EXPERIENCE -- education experience, for a degree, a nondegree course or program, workforce training, or general education
14. COST SHARING -- between the state and local community

For the final analysis, **Dr. Copa** reminded the committee of its basic options:

- (A) It can decide **not** to deviate from the current system;
- (B) It can change the system incrementally; or
- (C) It can make major changes.

He noted however, that to choose option (A), to essentially do nothing, **is** a decision, and like any decision, will have consequences.

**Dr. Copa** suggested that as the committee continues its work through the interim, it should think about coming to agreement on the meaning of these terms, for example, access and affordability. And it

should come to some sense of priority; which are the two or three areas that we might want to “push on” now; is there is a need to move more quickly on some issues compared with others? In summary, one of the objectives is to improve services in Idaho, and fourteen features have just been identified with respect to those services. The next step is to identify the kinds of policy issues and concerns that should be addressed.

In response to the findings in Worksheet 2., “What are the major policy issues?,” the following problems and concerns that need attention were identified:

#### 1. FUNDING

- C Who pays?
- C Mix of funding sources: state; local; business; student.
- C Stability/sustainability of funding. Community college funding is counter cyclical to the business climate. How to ensure stable and adequate funding when tax revenues are cyclical.
- C Regional equity. What is the definition of equity? What is the level of taxation? Is it first a property tax problem, and absent a property tax issue, would there be a funding problem?
- C County charge-back. Non-tax counties pay tuition to offset district property taxation.
- C Long-term fiscal impact to state general fund.

**Dr. Copa** commented that the funding issue is very complex and is a kind of broad umbrella, but by breaking down this feature, you find several subissues, some of which may be the ones where the focus needs to be, and not just “funding” in general.

#### 2. GOVERNANCE AND RESPONSIVENESS

- C Is local tax necessary?
- C Is responsiveness dependent upon local funding?
- C Roles of the State Board versus local boards. Who plays what roles? How are they the same or different? Do they need to be the same for community colleges as for universities? Specificity, not generalities; may need to look at the responsibilities of each and how they need to be adjusted.
- C Legislative oversight; the Legislature needs to be involved.
- C Executive branch oversight

#### 3. EXPANSION

- C Statewide system or local focus.
- C What is the gap between what we have and what we need, based on regional needs as opposed to statewide?
- C Community college services gap analysis.

#### 4. ECONOMIC BENEFITS

- C Do benefits outweigh any property tax concerns?
- C What is the return on the investment of local property tax dollars?
- C Are the benefits of community colleges and PTE/ business development so vital to Idaho that they should be in place regardless of whether local taxation passes.

#### 5. DUPLICATION OF SERVICES AND GAPS IN SERVICES

- C Are institutions competing against one another for students; for the same classes?

- C In some areas, is more than one institution providing same education?
- C Institutions competing for the same resources/dollars?
- C Competition of private for-profit institutions vs. public, for same students.
- C Comprehensive services option, and if so, are services being duplicated? Inventory needed.
- C Access may be limited if duplication is restricted.

## 6. INFRASTRUCTURE

- C Bricks and mortar
- C Broadband availability
- C Distance learning
- C Access
- C Buy or lease

**Dr. Copa** summarized this section by saying that this information will begin to provide focus, and during the hearings, additional issues may be added. In the end, the committee may need to prioritize the issues, and to begin to look within each issue, based on some of the discussion and comments, which makes it more doable instead of just thinking about that broad issue. Again, over time, let this process into the future lend itself to much more specific and refined issue definitions, and how those issues are stated becomes very central. As the issue is stated, awareness of who is going to be supportive and who will have a problem with it, comes into play.

**Dr. Copa** suggested that one of the issues that has not been addressed regarding funding, is determining the specific amount of new revenues needed. That could go from zero -- leave it the way it is -- or the committee could even decide to leave funding alone and fix the system with something else other than funding. But eventually, it will probably be necessary to come to some number that is reasonable.

Using Worksheet 3., committee members identified **policy options** for “**Funding**”- one of the major policy issues chosen from Worksheet 2.

**Dr. Copa** prompted members to think about what actions should be considered as they formulate recommendations with regard to funding. He suggested that the options cited in this exercise do not have to be particularly supported, but that they should be important enough to be mentioned.

## FUNDING POLICY OPTIONS

- C Property tax mix. Should a local property tax be part of the solution to community college access statewide?
- C Additional, i.e., new, state funding; expansion of funding, not reallocation of existing revenues.
- C Local option tax. Any kind. Each county can decide.
- C Surplus eliminator approach; change system to a community college endowment system so there would be a source of revenue for counter cyclical cycles.
- C Federal resources; targeting those resources in a more significant way, positioning to acquire.
- C Private partnerships.
- C Income tax credit against community college property tax liability.
- C Ability for border counties to opt-in to community college district taxation.
- C Revisit strategy of liquor tax distribution.
- C PTE funding.
- C Statewide property tax.

- C Centralized teaching and learning process; generated from one site, classes could be delivered statewide. This option was determined to be a *cost savings*, or a way to save resources as opposed to generating new resources; consider ways to become more efficient; cost savings from efficiencies within existing resources in contrast to new resources.
- C Tuition equity or equity of access. Uniform cost per class among institutions in the state. This option is not a new source of money and could be a reduction in funds at four-year colleges; is involved with funding but from a student perspective; has statewide consequences for resources if one were to change that tuition.

The final step for **Dr. Copa's** workshop was to identify the strengths or pros, and the weaknesses or cons, for each of the funding policy options elicited from the responses to Worksheet 3., which used "Funding" as the major policy issue. Due to the constraints of time, only the first two options, property tax and additional state funding, were subjected to the final step of assessing the pros (+) and cons (-) of each option.

1. Property tax
  - + Relatively stable in terms of economic cycle
  - + More legitimate right to demand local control
  - Different levy rates for different communities
  - Most onerous of all taxes
  
2. Additional state funding
  - + Stable; will always be there
  - + Enables statewide system, more accessibility
  - + Promote economic development statewide, and in areas where it does not happen now
  - Need to identify source if expecting additional state funds; if not property tax, then it is something else
  - If not a new source, then may be a loss from another agency or higher learning institution
  - Perception of loss of local control and less responsiveness to local needs
  - State Board of Education adjudicates who gets economic development, i.e. regionalism or parochialism
  - May end up with too many community colleges because of no local check and balance

Again using Worksheet 3., but this time using the major policy issue of "Governance," one of the other major policy issues chosen from Worksheet 2., committee members identified **policy options** for "**Governance**"

#### GOVERNANCE POLICY OPTIONS

- C Maintain status quo, do nothing.
- C Elect local boards for all institutions offering community college services, govern locally.
- C SBOE and local board responsibilities should be reviewed and modified as necessary.
- C Eliminate local boards; SBOE would micro-manage or create separate board for community colleges only.
- C Local board members appointed by governor.

Again, the final step for **Dr. Copa's** workshop was applied to identify the strengths or pros +, and the

weaknesses or cons-, for each of the governance policy options elicited from the responses to Worksheet 3., which used “Governance” as the major policy issue.

1. Status quo
  - + Continued responsiveness
  - + Works well for the districts that use the current system
  - + Pays for itself in economic development
  - Taxpayers have continued inequity
  - Current system requires super majority vote to create community college district
2. Elect boards for all institutions offering community colleges services
  - Organizational confusion; who is the boss?
3. SBOE and local board responsibility should be reviewed and modifications made
  - + Maintain continuity
  - Less responsive
4. Create a separate statewide board for community colleges and eliminate local boards
  - + Allows better focus on the mission of comprehensive community colleges on the part of state government
  - + System becomes more efficient by eliminating duplication of services and common sharing of overhead
  - Loss of local control; less responsive; timing of decision-making extended
  - Changes politics; focus shifts from local to state level which would involve lobbying and influencing aspects
  - Could result in regionalism, divisiveness
5. Local board members appointed by governor
  - Politicizes local boards; becomes a more confused environment
  - Gives more power to executive branch

After a ten minute break, **Senator Goedde** announced that due to time constraints and airline reservations, **Dr. Christophersen** will give his presentation now, followed by the conclusion of the workshop with **Dr. Copa**.

**Dr. Kjell Christophersen, President, CCbenefits, Inc.**, Moscow, ID, explained the work his company does; they have focused on analyzing the socioeconomic benefits of community colleges for about five years. He stated that he is not here as an advocate; they are economists; they are “doing the numbers,” economic impact studies, labor projections, etc. Since 2000, they have completed approximately 700 socioeconomic impact studies. They have developed a program called Community College Strategic Planner (CCSP), which is a labor market projection tool that looks at workforce issues. It projects costs into the future about ten to fifteen years, jobs by industry, converts that to occupations, converted further to specific needs for instructional programs. Nearly 300 colleges now use this tool. The company has grown from 2 to 25 employees.

**Dr. Christophersen** discussed funding categories, or sources of revenue to NIC and Eastern Idaho Technical College (EITC), as compared with national data. The percentage distributions in each of the

categories was compared with the national average in those categories. The study was based on a sample of about 300 colleges.

	National Average	NIC	EITC
Tuition and fees	21.5%	18.9%	12.4%
State appropriations	35.1%	42.9%	61.6%
Local taxes	22.7%	21.0%	2.9%
Federal grants	6.7%	14.3%	20.7%
Private funding	14.0%	2.9%	2.3%

Referring to the next topic, “Profile of America’s Community and Technical Colleges: The Students,” **Dr. Christophersen** explained that in terms of the enrollment profile of community colleges, the company was charged with looking at noncredit students as well as credit students, which total 16.2 million students. The data illustrates the tendency of enrollment in community colleges to be highest in the workforce category. The national average is 48.5%; NIC is 47%; and EITC is 76%. He explained that this study indicates that community colleges tend to be providers of continuing education, people entering on an ad hoc or vocational basis to obtain workforce-related, refresher training. Relatively few students in any given year actually graduate with an associate degree or a certificate. Community and PTE colleges perform functions that four-year colleges tend not to perform. The average age per student is 29.2 years.

Two sources of measurement were considered in the impact study. First, they looked at “Regional Economic Development,” which includes the standard multiplier impacts (direct and indirect) due to college operations spending, meaning every dollar spent in the local community has a multiplier effect, and also looked at the impact from past students still active in the local workforce. The latter has shown that by educating students in the community college system, the quantity and quality of the workforce in that region are elevated. Secondly, they looked at “Investment Analysis,” which measures returns to students and to taxpayers. Taxpayer returns factor in reductions in crime, medical costs, welfare and unemployment costs due to a more educated population. Investment analysis asks, “Does it make economic sense for the students to attend college and for taxpayers to fund the colleges?”

The national average rate of return to students is 15.3%, which is considered “decent” compared to the stock market and other investments. The national average rate of return to taxpayers is 16.2%. When looking at the impacts of education, one measure is the higher earnings the students are receiving while getting their education. In the broad perspective, one can count all of the earnings; in the narrow perspective, one measures the extent to which those earnings generate more taxes. Consequently, in the narrow perspective, the rate of return to taxpayers is quite high.

The rates of return to students and to taxpayers for NIC are higher than the national average at 23.3% return to students and 22.6% return to taxpayers. EITC’s rate of return to students (20.1%) is also very high, but shows lower for return to taxpayers (8.7%). However, the threshold value to compare for the taxpayers is about 4%, assuming a 4% discount rate applicable to public kinds of investments. This means that the college, to some extent, subsidizes the other state-funded activities in that region or in the state. The resulting message is that if you beat the 4%, the college pays for itself.

In response to a question from **Senator Little**, **Dr. Christophersen** said there is a difference between the rate of return for community colleges relative to the rate of return received from four-year colleges.

The rate of return from a four-year university is roughly around 12% to 13%; that of community colleges is higher at about 14% to 15%. A number of other variables were factored into these rates of return, such as the social impact of education on crime rates, improved health, incidence of welfare and unemployment. All of these are measurable.

In terms of national economic growth effects, NIC accounts for 11% of all economic activity in Kootenai County, resulting in NIC being a fairly major player in the county. EITC accounts for 1.2% of all economic activity in the surrounding nine counties in Southeastern Idaho.

Over time, the investment made in a community college continues to accumulate. The quality of the economic base in the region increases and becomes a mechanism by which new industry is attracted to the area. Benefits accrue to students and to the public. Students' earnings are higher because of their community college education; but the public benefits nearly twice as much based on the growth of income in the region and savings in social costs.

Lastly, **Dr. Christophersen** described the monetary impact of colleges on property taxes, business taxes and farm taxes per county. There is a measurable net tax savings, ranging from 3% to 6%, each year, directly attributable to the presence of a college in the area. The numbers indicate the extent to which taxes would have to be raised were it not for the economic benefits created by the community college.

**Senator Little** inquired if these findings have an end point or reach a saturation point. **Dr. Christophersen** referred to his work with 58 colleges in the state of North Carolina, which averages about 150,000 people per college; in Wyoming, 73,000 people per college. All of these colleges are thriving; the numbers show that the colleges pay for themselves, but he does not know where the breakpoint is, but agreed there is one.

Copies of **Dr. Christophersen's** power point presentation, "Socioeconomic Benefits of Community Colleges," CCbenefits, Inc., is available from the Legislative Services Office.

Before he resumed his presentation/workshop, **Dr. Copa** commented that the presentation by **Dr. Christophersen** related to several of the policy issues that have been discussed. He asked the committee, in their future deliberations, to consider this project in terms of investment, rather than limiting it to direct funding. He said that we tend to always think on the negative side, and one needs to also consider how much the state of Idaho should invest given the kinds of returns that were just presented.

In continuing his workshop presentation, **Dr. Copa** referred to the issue of governance by saying that this can be viewed as a kind of competition between local communities and the state. However, this could be changed to an alliance or partnership as opposed to thinking about it as kind of "either/or." Just by changing the title of the issue or redefining terminology, perhaps one begins to apply a different orientation to some of the issues. He said four issues remain to be addressed.

The first is the issue of not trying to solve all of the needs, but to try to be more precise as to which needs are not being met. That is, where and what are the gaps in Idaho with respect to the kinds of services community colleges could provide? Having identified that, then proceed to formulate specific goals. Obtaining more information about what those gaps are and how they differ throughout the state, appears to be a necessary step.

The second issue is about incentives to encourage formation of community college districts. There are consequences to the entire state. He asked if there were some way to create incentives to get those who have not participated, to start moving forward? The committee noted that the option of providing tax credits and changing the super majority required to create a taxing district, might be viable incentives.

The third issue is duplication of services. **Dr. Copa** rhetorically asked what options could be considered to reduce unnecessary duplication and/or competition. He reminded the committee that this issue was discussed earlier, with regard to the responsibilities of the State Board and making adjustments to board procedures as a possible option.

The fourth issue is infrastructure. It involves additional investments in operating costs versus capital, and investing in financial aid. Providing scholarships would possibly create more access. The issue is not only dollars, but where they are being invested.

In closing, **Dr. Copa** advised the committee to summarize the worksheets, and begin discussing a framework by which to think about the issues and options. What are the pluses and minuses? He advised that at future hearings, the committee be attentive to identifying new options, and asking questions about those options, especially in determining the strengths and weaknesses. Lastly, he advised the committee to strive for specificity in dealing with information: "The more specific you can be, with respect to what you are looking for, in terms of each of the options, the more likely you are going to be on target and the more valuable the use of your time will be."

**Senator Goedde** announced that the next meeting is July 25 and will be held at Eastern Idaho Technical College in Idaho Falls. He directed committee members to review their packet of materials containing:

- C A copy of a letter from Representative Rydalch providing information for travel, lodging, and eating in the Idaho Falls area
- C A map of the Eastern Idaho Technical College campus
- C Written testimony from Donna Brown, Garden City, ID, via e-mail

Members who desire to take a tour of the Idaho National Laboratory while in Idaho Falls need to contact Legislative Services staff Maureen Ingram.

**Senator Goedde** announced that Governor Risch might call a special session to address the property tax issue, and that legislators are requested to reserve August 25, 2006, if the call is made.

The meeting was adjourned at 3:40 p.m.