

LEGISLATIVE COUNCIL INTERIM COMMITTEE
COMMUNITY COLLEGES

JFAC Room 328
State Capitol Building
Boise, Idaho
November 10, 2006

MINUTES

(Subject to approval by the co-chairmen)

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

Others present were Dr. Gerald Beck, President, College of Southern Idaho; Dr. Michael Burke, President, North Idaho College and Kent Propst, North Idaho College; Dr. Michael Rush, Administrator, Division of Professional-Technical Education and Dick Ledington, Division of Professional-Technical Education; Ross Borden, Boise State University; Mark Dunham, Idaho Association of Commerce and Industry; Teresa Molitor, Elam and Burke; Bessie Katsilometes, Idaho State University-Boise; Tom Ryder, J.R. Simplot Company; Neil Colwell, Avista Corp; Mike Reynoldson, Micron; Chris Latter and Lori Fisher, J.A. and Kathryn Albertson Foundation; Ray Stark, Boise Metro Chamber of Commerce; Tim Swartos; Stuart Tennant, State Board of Education; and Kelci Karl-Robinson, Idaho Association of Counties.

Senator Malepeai moved that the minutes of October 3, 2006, be approved as written; the motion was seconded by Senator Davis. The motion carried unanimously on a voice vote.

Senator Goedde explained that the legislative drafts to be considered during this meeting have been organized into seven categories of specific subject areas. He directed the committee's attention to the draft proposals in Category No. 6, Community College System Changes: Drafts MLI015, MLI036, MLI029 and MLI044.

Representative Rydalch presented Draft **MLI036**, and said that the purpose of **MLI036** is to establish a community college system under control of the Legislature, the State Board of Education and the locally elected boards of trustees. This legislation retains the existing six community college districts by keeping NIC as it is in District 1, establishing a community college division at LCSC in District 2, establishing a new Southwest Idaho Community College in District 3, keeping CSI as it is in District 4, establishing a community college division at ISU in District 5 and establishing EITC as Eastern Idaho Community College in District 6.

Funding would come from student fees and the general fund through the appropriation process. One additional source of revenue could be a district wide property tax, but only if the tax were approved at a general election by qualified school electors of the district. Such election would require a 2/3 majority vote of the combined votes of all counties in that taxing district to approve the local community college property tax. This legislation repeals the charge-back to the counties, the effect of which would allow counties to use their liquor fund distribution for its original purpose. Counties would no longer pay tuition for its resident students who attend a community college outside their home county. This legislation provides an income tax credit to individual taxpayers not to exceed \$500 for property taxes paid to a community college district.

Each community college district would elect a local board of trustees consisting of five members. Trustees would be elected for four-year terms instead of six years. The duties and powers of the trustees remain the same as is currently in *Idaho Code*. This legislation would continue the practice and extend the availability of student education incentive loan forgiveness contracts for potential teachers and nurses to all community colleges in the statewide system. This would continue the current practice of encouraging cooperation among the county, city and adjacent cities and local school districts where a community college is located to allow building and/or offices to be used for classroom instruction where appropriate in order to curtail incurring additional costs for bricks and mortar.

Matt Freeman, Budget and Policy Analyst, Legislative Services Office, explained that the first two issues in the legislation would be to create a community college division within Lewis-Clark State College and Idaho State University. In order to explain the methodology used, **Mr. Freeman** directed the committee's attention to a spreadsheet, entitled Lower Division Academic/PTE Course Credit Hours. The spreadsheet illustrated the difference in the cost of tuition and fees to BSU, LCSC and ISU when calculating the cost per credit hour at a reduced rate of \$120 compared to what the current rate is. These figures were based on the fall semester of the 2006 school year. By multiplying the actual course credit hours delivered by BSU of 280,612 hours by the current credit hour fee of \$211, the total amount of tuition and fees generated is \$59,209,064. The same course credit hour figure of 280,612 multiplied by \$120 per credit hour generates a total of \$33,673,402. The differential cost is \$25,535,663. The amount to hold BSU harmless for professional-technical credit hours totals \$4,368,080.

Mr. Freeman stated there are two important caveats to consider. First, this does not distinguish between full and part-time students. At all three of these institutions, the cost goes down when you take eight credits or more, the full-time rate. Consequently, 280,612 course credit hours multiplied by \$211 is somewhat overstated, but to arrive at a comparison for all three institutions, this is the best case scenario at this point in time. **Mr. Freeman** pointed out that the grand total for LCSC to hold the institution harmless, by reducing the per credit hour cost by \$120 for lower division academic and PTE, would be \$3,824,616; for ISU, \$16,789,904. The second caveat with regard to lower division academic courses is that the four-year institutions offer some courses that would not traditionally be offered at a community college. To capture all of those lower division courses and presume to charge \$120 per credit is probably overstated. The difficulty in working with institutions was where to draw the line in determining which lower division courses would be considered a community college course, and which would not. For purposes of attempting to get a fiscal impact, the same methodology was used for all three institutions.

Mr. Freeman stated that another item to consider, with regard to professional-technical is that the purpose of the appropriation that is given to the division of PTE, which passes through the technical colleges, is to cover 100% of the cost of instruction. Consequently, the PTE student fees are for the purpose of covering plant facility M&O. The student fees at CSI and NIC are approximately \$100, and at the four-year schools approximately \$200. This equates to a \$100 differential in student fees between the community colleges and these three institutions.

Mr. Freeman said that with regard to expanding the mission of EITC to that of a community college, EITC's President Robertson said that EITC would need approximately \$1 million in ongoing funds and about \$200,000 in one-time funds, which would enable them to begin offering academic transfer courses at its Idaho Falls campus and at five out-reach sites for up to 500 students.

In terms of creating a new Southwest Idaho Community College, this legislation contemplates using the academic building at BSU's west campus, which has 65,000 sq. ft. and 21 classrooms, and the Canyon County Center, which has 77,000 sq. ft. with 43 classrooms. Regarding the cost for operations on the academic side, one could look at the average general fund appropriation of approximately \$11 million for each of CSI and NIC. In addition, they both collect an average of about \$5 million in property taxes and the schools currently receive a total of \$2.2 million in county tuition, \$300,000 split in liquor funds. This gives a ballpark of the cost to establish a new community college in the Treasure Valley, although the campus would not have the square footage and facilities that the two existing community colleges have.

In terms of costs of operations for professional-technical education (PTE), the FY2007 allocation for BSU's Larry G. Selland College of Applied Technology is \$7.1 million, which would be transferred to the new Southwest Idaho Community College. Again, based on the fall 2006 credit hours, BSU will collect approximately \$4,368,080 in PTE fees, consequently losing that student fee revenue and possibly losing student fee revenues on the academic side due to students choosing to attend the new community college rather than BSU. It is a policy decision as to whether or not BSU should be kept whole and if so, how much and for how long.

With regard to repealing the county charge-back, FY2006 county tuition payments were \$2.2 million, which is approximately what would be needed to hold CSI and NIC harmless. This also expands the teacher/nurse loan forgiveness program for EITC and the new Southwest Idaho Community College. There would not be any fiscal impact for FY2008. The estimated fiscal impact in FY2009 would be \$9,800 presuming eight new slots. As student fees increase, there would be a corresponding increase in the cost of that loan forgiveness program.

Regarding personal income tax credit up to \$500 for property tax paid in support of a community college, the tax commission has provided an estimate of approximately \$4.8 million in fiscal impact. **Mr. Freeman** is working with the counties to refine that number and has not yet received all of the data as the counties are currently running their tax roles. He shared that he believes that the \$4.8 million is probably understated in light of the population growth that has been experienced and the increase in property values.

Senator Cameron asked if this proposal called for replacing the property tax, the M&O operations, at CSI and NIC. **Mr. Freeman** said that this draft does not include replacing

property tax for CSI and NIC. **Representative Rydalch** commented that this establishes a taxing district in each district, but it is up to the local option of those community college districts whether they want to impose a property tax. It is an option, but would require a 2/3 majority vote for approval.

Mr. Freeman, in response to the request for a comprehensive total cost, said that if everything he has spoken of, which includes holding LCSC and ISU completely harmless, noting the numbers are overstated, and if BSU were held completely harmless from the loss of its PTE student fee revenue, then the total would be \$51.9 million. Responding to a question from **Senator Goedde**, **Mr. Freeman** said that this does include the additional appropriation for a community college in the Treasure Valley.

Senator Cameron referred to the operating cost figures portrayed earlier, based on the existing community colleges, which are \$11 million each from state revenue, \$5 million each from property tax revenue and about \$3 million from the county. He remarked that from these figures, it appears that we could spend \$48 million in holding everyone harmless and not offer one additional course. He inquired how we get from \$48 million to hold the institutions harmless and add two new community colleges and only spend another \$3 million.

Mr. Freeman explained by giving the approximate costs for the various categories: \$3.8 million to hold LCSC harmless; \$16.7 million to hold ISU harmless; \$955,000 and \$172,000 for expanding EITC's mission; \$11 million for operations at the new community college; \$5.5 million in property taxes; \$2.2 million in county tuition and \$300,000 from liquor funds; \$4.3 million to hold BSU harmless for all loss of student fees; and another \$2.2 million to repeal the charge-back. The total is \$51.9 million.

Senator Cameron asked if it would be fair to say that the proposal in Draft MLI036 would cost \$51 million with a potential additional cost, should BSU be held harmless on the academic provisions, of another \$23 million (\$27 million - \$4.3 million). **Mr. Freeman** replied that based on offering all of BSU's lower academic courses and offering them at a lower tuition rate of \$120, the \$23 million figure would be too high and would not be accurate.

Representative Rydalch clarified for **Representative Rusche** that every county in the state would belong to a community college district. He inquired about those institutions, like LCSC, that currently don't have a taxing district and are governed in a different manner. By forming a division within that entity and giving it taxing power, how does that interact with the governance of the organization and the decision to seek taxing authority? **Representative Rydalch** said that this system would create a division at LCSC that would not take anything away from what they are currently doing even if they established a board of trustees to just run their community college division. If they chose that direction, the board of trustees for that division could present a local property tax option on the ballot for that community college district. Electors in all counties in the district would vote, and it would still take a 2/3 majority to create a taxing district. **Representative Rydalch** answered **Representative Clark's** question by saying that this would not cause NIC or CSI to revisit their original elections that created a community college district with the authority to levy a property tax.

Senator Cameron remarked that the provisions of the bill allow each of the community college districts the opportunity to attempt to bond, but if they don't, the state is fully responsible. It does not take into account additional funds if the current community college districts decided to replace property taxes, which would be an additional cost to the state. **Mr. Freeman** said that there is not an opt-out provision in this proposal for the current community colleges; they stay as they are. This proposal affirms the two existing community colleges and does not change their structure. **Mr. Freeman** responded to the concern expressed by **Senator Cameron** of a possible additional cost to the state due to the natural set of consequences caused by a proposal like this by saying we have a two-tiered system, those that are entirely supported by the general fund and those that levy a property tax.

Senator Cameron asked if the \$51 million estimate includes essentially an average enrollment similar to NIC and CSI. **Mr. Freeman** said that it does, assuming equivalent enrollments. **Senator Cameron** asked if this is somewhat underestimated because of the anticipated high enrollment in the Treasure Valley. **Mr. Freeman** said that initially enrollment would not be too high. If it grows, there will be a corresponding fiscal impact. That cost will be a significant factor for some students; they could attend the first two years at a community college in Canyon County and transfer to BSU. Others will want the four-year experience at BSU. Then there are the 800 students that BSU turns away each year. There will be some loss of enrollment at BSU, but they've raised their admission standards and are focusing on another tier of students also.

For a point of clarification, **Mr. Freeman** explained that the \$51 million is the cumulative total of all of the items laid out in the proposal for Draft MLI036. The \$48 million is the total cost of holding BSU, ISU and LCSC harmless for offering lower division and professional-technical courses at \$120 per credit hour.

Representative Rusche presented **Draft MLI029**. This bill creates a Western Idaho Technical College (WITC) similar to EITC, which would provide PTE in the Treasure Valley. BSU could drop its PTE courses and the new technical college could provide PTE at a tuition rate more compatible with the community colleges and EITC, allowing BSU to focus on its goal to become a major research institute. Assuming WITC is the same size as EITC, it would have an EITC budget, less what is currently going to BSU for that training. **Mr. Freeman** said that currently BSU's Seland College's allocation for PTE is \$7.1 million; presumably that money would go to this new Western Idaho Technical College. By comparison, EITC's FY2007 allocation is \$5.8 million. This legislation would contemplate the use of the Canyon County center located on five acres on Nampa Boulevard. Boise and Meridian School Districts have offered the use of their profession-technical high school facilities. There is still the consideration of the loss of the PTE fees of \$4.3 million to BSU and whether or not you want to hold them harmless.

Senator Davis presented **Draft MLI044**. This bill changes EITC to a full community college, the College of Eastern Idaho. It also allows for expanded curricula if the need would be demonstrated to the State Board of Education and to JFAC.

Senator Cameron asked if the purpose of this bill is to not expand the curriculum at EITC. **Senator Davis** said that it is likely that EITC would petition the State Board for expansion of courses. One of the principal demands in the Idaho Falls community is the educational demands attributed to the National Lab, which is their region's largest employer. There needs to be a strong presence by the U of I and ISU at University Place; ISU has expanded the delivery of education in the area and as long as ISU can continue to help solve some of the educational delivery needs, that can have an impact on what the ultimate demands of a modified EITC role might be.

Senator Cameron said that there most likely would be a fiscal impact in operational costs and in lost revenue to ISU if this passes. **Mr. Freeman** said that if this legislation passed the fiscal impact would depend on the kind of academic programs offered, as well as how many and when they were approved by the State Board.

Representative Rusche asked if, in essence, this bill establishes a community college district. **Senator Davis** said that he does not believe it does. It allows a little more flexibility as it petitions the State Board to deliver higher education needs to the people of Idaho Falls. The principal vehicle for the delivery of higher education in Idaho Falls will continue to be University Place.

Representative Smith said he understood that professional-technical funds pay for about thirteen academic courses at EITC currently, without any support by a local taxing district. The academic courses of the two existing community colleges have to be supported by property tax. This legislation appears to propose expanding the academic level still paid for by the state without property taxes. He asked if we were going to expand, pursuant to this legislation, the academic offerings paid for by the state, wouldn't we have to do the same thing for CSI and NIC in order to have equal treatment between the colleges?

Senator Davis agreed with **Senator Goedde** that this is a policy question rather than a fiscal question, and it continues to be a stumbling block that this committee and the state cannot seem to step over. **Senator Davis** commented that each committee member only seems to be concerned about how this helps their own home town. He added, "What we need to do as a state is stop thinking about our own home town and start thinking about what's right for our state." He said that he believes that they will never find a solution if property tax is part of the solution.

Representative Boe asked whether the academic classes offered at EITC referred to by **Senator Davis** were in addition to, instead of duplication of, classes currently offered elsewhere in Idaho Falls at University Place. **Senator Davis** responded that he didn't have a target in mind for this. He was only suggesting that this would give them the tools they need to be able to petition the State Board to see if there is a better way to meet the needs of their community.

Senator Andreason referred to language in **Draft MLI044** on page 2, line 26 which states, "The college of eastern Idaho, and all community colleges." He asked **Senator Davis** to explain why he is suggesting having a college of eastern Idaho instead of a community college of

eastern Idaho because this is a community college study committee. **Senator Davis** said that he does not advocate the language or even the exact concept; his intent was to get something in writing to move toward a target of getting something done.

Senator Andreason said that given LCSC has a regular four-year program, and NIC and CSI are community colleges, what direction would this change require? Would another four-year institution be established or would we be adding this to the community college group? **Senator Davis** responded that the purpose of this bill is just to recognize that there will be some remedial courses and some 100 level and perhaps 200 level courses at some point in time. The proposed College of Eastern Idaho is not intended to be a four-year institution. U of I and ISU are already committed to delivering quality education to meet the higher education needs of the community, especially as it relates to the National Lab.

Representative Rydalch urged the committee to come up with something significant that would establish a system while there is momentum, so that the members can leave the committee having accomplished something. She referred to the option in Draft MLI015, which proposed using sales tax money as a revenue source option. She noted that the Idaho National Lab is recognized as a premier global lab in the energy business, one of which will include nuclear. There are employees of that lab who are residents of all southeastern Idaho, not just Bonneville County.

Representative Clark asked if the fiscal analysis for MLI015 is the same as for MLI036. In the discussion that followed, **Senator Cameron** said that he believes that the fiscal impact of MLI036 would be similar. However, because MLI015 eliminated the property tax, there would be an additional \$11 million cost. There would still be the hold harmless issue, which was not included. He estimated the cost to be about \$52 million, with potential caveats of adding additional funds. **Representative Rydalch** said that MLI015 used 3.16% of the sales tax to generate \$40 million, and CSI and NIC's general fund support is already in the base at some \$20 million; then factoring in the CSI and NIC property taxes at \$11 million and the charge-back, the impact to the general fund from that scenario would be \$19.5 million.

Senator Goedde suggested it was time for the committee to ask the question of whether or not they wanted to consider establishing a statewide system of community colleges, or if they wanted to make changes to the current community college system as provided in *Idaho Code*.

Senator Andreason commented that there is a profound need in the state to establish a comprehensive community college system, but if that cannot be accomplished right now, then we absolutely must address the need for a community college in the Treasure Valley.

Representative Smith said that he agrees in part with **Senator Andreason**. However, he is under the impression from those who have testified before this committee that the system is not broken and that the people within reasonable proximity of the existing community colleges and EITC like what they have, and a statewide system is not necessarily the answer. **Representative Smith** said that the main issues he sees are that we need a community college in the Treasure Valley and we need to address the great disparity in the tuition paid for PTE courses. Testimony at other committee meetings indicated costs ranged from \$90 to \$360

per credit hour for PTE courses, and the state is paying the base money for all of these PTE courses.

Representative Smith moved to hold in committee all drafts listed in Category No. 6, Community College System Changes: MLI015, MLI036, MLI029, MLI044. Representative Rusche seconded the motion.

Representative Rusche commented that he believes that there is a lot that is attractive about the statewide community college system that has been proposed by **Representative Rydalch**, but there are a lot of questions, particularly how the governance and taxing interacts with existing four-year schools. He thinks the drafts should be held because they ~~are~~ not ready to be recommended, but does think that there is a lot of good work there and may be where we end up eventually.

Senator Davis said that if the committee approves this motion, he believes that the committee has failed. The solution is an incremental one, and it may be that some of the proposals in this group of drafts present the very solutions needed. The committee should take what is there and work with it over the next several years. Rejection of these drafts is a continuation of the current approach to the problem. He said that if the reasons that are being advocated in the motion are valid to the majority of the committee, they don't apply to Draft MLI044.

Senator Davis made a substitute motion to hold in committee all drafts listed in Category No. 6, Community College System Changes, with the exception of MLI044. Senator Stegner seconded the substitute motion .

Senator Davis commented that all he is doing is preserving this legislation (MLI044) for further discussion until there is a better understanding of how the rest of this is going to play out in this committee.

Senator Stegner said that it would be far better, in his opinion, to craft concepts that we agreed to as a committee, for future bill drafting, rather than analyzing specific bills. The value of a committee is supposed to be in having discussions and arriving at concepts that are subsequently incorporated in a draft. Otherwise, the committee is left to analyze specific bills. If we were just dealing with general concepts, we could probably agree that a community college is needed in the Treasure Valley. However, that decision is very complex and a detailed plan has not been explored in spite of the best efforts of this committee.

Senator Stegner said that BSU should be relieved of its PTE responsibility. The committee should be looking at the total removal of the property tax base to support a community college in this state. It does emphasize the inequity of how higher education is being funded and the burden placed on certain areas and the people in the state. He encouraged support of the substitute motion so that at least one small piece could be maintained and then continue to work on the larger issue of equity in a community college system for the state.

Representative Bolz mirrored many of the comments made by **Senator Stegner**, and said some parts of these bills are good, but not one bill has all the good parts. He shared that many people from the Nampa area have adamantly said that they are ready to support a

community college with a property tax. He said that he liked the option in the legislation which includes the option of having a property tax that could be voted in by the people. **Let** property tax be an option, not a requirement, **he** said.

Senator Cameron said the real measurement of success of this committee and its responsibility is whether or not additional courses and opportunities are offered for our children to go to college. It is not whether or not there is a more bureaucratic system or six regional community districts, or whether or not property tax or state general funds are the funding source. The first job as legislators is to represent their districts; the second is to uphold the Constitution. He said that he believes everyone in this committee is trying to do his very best to do what is right for the state based on each member's own point of view.

Senator Cameron, regarding the funding issue, said that there is some extra money, which gives the opportunity to provide some one-time funding but with this comes the challenge of expediting the effort without obligating ourselves to the point of creating an on-going obligation that might have to be sustained with an additional tax increase or budget cuts down the road. He believes that the fundamental standard for a community college is that it be operated and controlled locally, be responsive to the local community, and that the responsiveness be tied to the ability of the local community to pay or contribute toward that community college. He commented that he would have preferred to be voting on each of the options individually, but would be supporting the original motion.

Senator Goedde said that through the information received in these interim committee meetings, it has been clear to him that access and equity can be created within the current community college system and without the additional expense, which is a huge concern of creating a college system. Locally-controlled community college systems have worked well in other states and he believes this system is a modern method of delivery and will continue to be, even if small adjustments have to be made.

Senator Andreason referred to the Blue Ribbon Committee, which he chaired for two years. One of that committee's recommendations was to have a comprehensive community college system made up of the six community college districts which are currently in statute. Each district would elect a local board and each district would choose a chairman to serve on a state community college board. From that board, one chairman would be selected to be a member of the State Board of Education with full voting rights. In addition, they established that each local district could make its own decision on the funding through a local option tax, whether property tax or sales tax. He said that if the committee does not get something done to establish a comprehensive community college system, he doesn't believe the committee will have accomplished its charge.

The substitute motion failed on a vote of 5 ayes to 13 nays.

The original motion to hold in committee all drafts listed in Category No. 6, Community College System Changes carried on a voice vote.

Representative Smith presented **Draft MLI021** in Category No. 1, Formation of a Community College District. This bill reduces the majority vote required to create a community college district from 66 2/3% to 60%. He commented that he thinks this would be more palatable than

a simple majority. This would help facilitate the formation of a district in the Treasure Valley. **Mr. Freeman** said that there is some potential for a fiscal impact. **Senator Davis** asked if the vote attributing to CSI becoming a community college was by 60% or greater. **Dr. Gerald Beck, President of CSI**, answered that Twin Falls County approved formation of the district with a 72% majority and Jerome County's approval to join the district was over 80%. **Senator Goedde** withdrew his proposed **Draft MLI012** to lower the requirement to form a community college district to a simple majority.

Representative Smith moved to recommend MLI021; Senator Langhorst seconded the motion.

Senator Little said that this decision would not be fair to other taxing districts if the committee were to carve out this exception when in most other cases, a 2/3 majority is required, whether it is a school board passing a bond, or a county wanting a jail,. He is reluctant to attempt this on a one-issue basis.

Senator Cameron inquired about not having a requirement for consolidated election in the draft and asked if it would be a special election rather than being held on a regular election cycle. **Representative Smith** said that he believes that this is correct and the only change he had made was the percentage required to form a district.

Senator Langhorst, speaking for the motion and addressing the issue of fairness, said that NIC, with all of the benefits it brings to its community, was formed with a simple majority. The super majority is not a sacrosanct issue. The community desires to be empowered on this and he doesn't believe that furthering the community college issue should be held up out of concern for all of the super majority requirements. Introducing this idea into the debate and the Legislature would surely stop any progress on community colleges. He said that he hoped the rest of the committee from other parts of the state would allow Treasure Valley the option to have a vote under the current system to further this along, if the committee cannot create a larger statewide system.

Senator Stegner said that he would be voting against the motion. He commented that when you fundamentally believe, as he does, that higher education is an obligation of the state government and that we ought to be paying the bill, including community colleges, any kind of effort such as this that perpetuates/encourages the current *status quo* to be extended, is the wrong direction for the state to be going.

The motion failed on a tie vote: 9 ayes to 9 nays.

The committee adjourned for lunch at 11:50 a.m. and reconvened at 1:10 p.m., **Senator Goedde** presiding.

Senator Goedde referred to **Draft MLI011** in Category 5, Elections, and asked the committee if they would like to consider **MLI021** by Representative Smith, regarding the 60% majority, if it were consolidated with the major election dates language in **MLI011**. **Representative Smith** responded that he had no objection to that consolidation.

Representative Smith moved that Drafts ML1011 and MLI021 be consolidated, combining the issue of election dates and the 60% majority requirement for the creation of a community college district; Senator Andreason seconded the motion.

Senator Davis questioned the motion by saying that he had understood the intent of the motion was to consider both drafts at the same time as one, but not voting on it as a recommendation. **Representative Smith** clarified that he had put the motion in the form of a consolidation. **Senator Goedde** stated that was what he had intended.

Senator Andreason removed his second to the motion. **Senator Cameron seconded the motion.**

Discussion continued on the intent language of the motion. **Representative Smith** said the purpose of his motion was to take MLI011 and combine it with MLI021, which requires a 60% majority, consolidate them and vote on them, and if it passes, send out as a recommendation to the Legislature. **Senator Goedde** clarified that they were taking MLI021 and dropping in the language in MLI011 that dealt with the election dates.

Senator Cameron said that one of the ways to support Treasure Valley having a community college is by allowing them to have a public vote to decide whether or not they are willing to tax themselves. One of the community colleges passed its measure by more than 66 2/3, and the other was implemented by a simple majority. An appropriate threshold would be the 60% majority, particularly if held on a consolidated election date. He believes this is a reasonable approach and will advance the community college effort forward.

Representative Clark commented that he was not in favor of voting for a bill that had already been defeated and he would not be supporting the motion. **Representative Rydalch** expressed her reluctance to put this on the property taxpayer.

Senator Davis made a substitute motion to combine MLI044 and MLI011 as a recommendation of the committee; Representative Rydalch seconded the motion.

With the consent of his second, Senator Davis withdrew the substitute motion stating that once the committee has defeated a proposal, it should not be resurrected. He does not believe the motion on the floor currently being considered is appropriate.

Senator Little expressed concern for the lack of clarity in *Idaho Code* regarding the status of election dates as they apply to community colleges. On balance, he prefers to amend MLI011 by creating one new draft that also would include MLI021.

Senator Cameron stated that there is a lot to be said about resurrecting ~~lead horses~~ and issues that have already been voted on. In his opinion, a motion is always in order. A motion on a previous piece of legislation whether it has been voted on or not is always in order. He reminded the committee that MLI021 died on a tie vote. It is the prerogative of the Chair to put any bill before the committee, whether it has been voted on previously or not.

The motion that Drafts ML1011 and MLI021 be consolidated, combining the issue of election dates and the 60% majority requirement for the creation of a community college district passed on a vote of 10 ayes to 7 nays.

Representative Rusche presented **Drafts MLI023 and MLI041** in Category No. 2, Standardize Tuition to Community College or Technical College Rates. He said that one of the issues that has continued to come up as they ~~w~~e traveled around the state is the difference in cost for both the PTE and the general education courses between the community colleges, the four-year institutions and EITC for basically the same classes. The intent of these two bills is to attempt to address that difference in cost to the families and the students as well as trying to protect the institutions from sudden change in available revenue.

MLI023 requires four-year institutions to standardize their PTE and lower division courses to the tuition at EITC and the community colleges, and that those four-year institutions receive a supplement from the general fund for three years to allow for the transition in their structure, staffing and student population, to take into account the difference in revenue. MLI041 does the same but only involves PTE courses. He stated that since the cost of instruction for PTE courses is provided by state money and not county money, this presented itself as a possibility to address the inequity issue of the difference in costs for similar courses at different locations in the state.

Mr. Freeman, in explaining the fiscal impact of both drafts, referred to the spreadsheet he had used earlier. Regarding MLI023, to hold the three institutions harmless for three years, would total approximately \$48,034,047 for both lower division academic and PTE. Regarding MLI041, the cost to hold harmless just the PTE as provided for in the bill would total approximately \$5,303,892. **Mr. Freeman** responded to **Senator Cameron's** inquiry by concurring that the \$48 million cost is an annual figure, i.e., \$48 million for each of the three years. As tuition rises, so would the cost of holding the institution harmless. The fiscal impact of MLI041 would simply be \$5,303,892.

Senator Langhorst, referring to **Mr. Freeman's** earlier accounting of the discrepancy in part time and full time (8 or more credit hours) delivered, expressed concern regarding what the percent of reduction would be. **Mr. Freeman** responded by saying that in working with the institutions, the process for refining this data is very complex and difficult to estimate. The figures provided are in the ~~A~~all park. **Senator Langhorst** underscored the fact that this could potentially be overstated by as much 30%, or \$15-\$18 million.

Senator Goedde asked **Mr. Freeman** to explain the difference between tuition and student fees. **Mr. Freeman** said there is the annual tuition fee, which is approved by the State Board every year; there are facility fees which include campus technology fees; and there is a full range of dedicated activity fees. The actual tuition for BSU, for example, is approximately \$2,700. After adding in facility fees and dedicated activity fees, the total undergraduate fees add up to \$4,154. **Mr. Freeman** confirmed to **Representative Boe** that both drafts address only the tuition portion of the total fees.

Representative Smith said that since **Draft MLI041** presented by **Representative Rusche** adequately addresses the issue of equity of tuition fees, he withdraws his **Draft MLI022** that is a variation on the same theme.

Representative Rusche moved that MLI041, be a recommendation of the committee; Representative Smith seconded the motion.

In response to a concern from **Senator Davis** regarding each institution being required to charge the same tuition rate, **Representative Rusche** explained that in many of the four-year institutions, the tuition paid for PTE courses, which is identical to the tuition per credit for other courses, actually was higher than what they might be if they only were delivering PTE. That higher tuition is supported by the students and families in those areas, although the cost of the PTE courses is paid as an appropriation of state general funds. In the interest of both improving the access to PTE where there is a cost barrier, and improving equity, MLI041 states that the tuition will be the same for the four-year school as the community college. The three-year hold harmless period is necessary for any potential loss of revenue.

Senator Davis commented that competitiveness and creativity should be encouraged among these institutions. If they can find a way to increase access by lowering the cost, they should be supported. This seems to be penalizing an institution which has found a way to deliver, for example, Math101 at \$90 per credit hour, yet compels students who participate to pay \$150 per credit hour. This decreases, not increases access.

Representative Rusche said that the four-year schools may be able to deliver it for \$90, but because of the way they charge tuition, they have to charge what their tuition per credit is for the other classes. At BSU, for example, even if they may be able to deliver it for \$120, the student still pays the higher BSU tuition.

Senator Goedde inquired whether this legislation sets a cap that allows other institutions to offer rates under that cap, and we are not going to be helping those institutions. For example, if NIC currently offers classes at \$100 per credit hour, they are not going to have to raise the rate to \$120; we have a cap, not a floor. **Representative Rusche** agreed with this interpretation and added that this draft states that four-year schools that provide PTE and are currently charging full tuition, are funded through the state general funds. Those institutions should not be able to charge a student more than a student at a community college.

At **Senator Andreason's** request, **Mr. Freeman** summarized the purpose and intent of MLI041 by stating that this legislation is a proposal to require BSU, ISU and LCSC to offer PTE courses at a rate comparable to community colleges. There would be a corresponding loss in student fee revenue to those three institutions. Consequently, this legislation provides a **backfill** for three fiscal years to make up that loss in student fee revenue so it is not an immediate hit to their budget. **Essentially, we would be buying down the cost of those credit hours.**

Senator Cameron commented that he agrees that the State Board should be encouraged to work with the institutions to disallow such a large disparity in what they are offering for the same course. However, he is concerned with the Legislature's superceding the Board's role

and mandating that the Legislature should appropriate money for the loss. There is some additional revenue available within the university budgets that could withstand that. The Legislature and JFAC should have the opportunity to explore possible shortfalls and come up with an appropriate appropriation to meet that shortfall. **Senator Cameron** shared his concern that institutions have, for several years, been able to charge more than the actual cost of delivering that course, which has been a cash/windfall to them. If this legislation were passed, the institutions could no longer make money by offering PTE courses, thus requiring the state to somehow step forward and the taxpayers would have to cover that loss of earnings. He agrees with the concept of this legislation, but does have concerns.

Representative Rusche said that he agrees that the appropriations committee should have the ability to adjust according to what the actual shortfall might be. This is simply a way to say that money is needed to help these schools through the transition of losing this revenue stream. Considering the revenue these schools receive from tuition, appropriations and federal grants, just because they may make money on one program doesn't mean it suddenly costs any less to deliver the other programs. Their budget is based on their cost of operations and if we are decreasing one revenue stream until they get a chance to restructure their organization, contracts, etc., he believes they do need some backfill. He is concerned about the cost barrier for the mom who is working as a clerk at McDonald's who wants to become a nurse and wants to get PTE training but cannot afford it.

Representative Smith noted that as the committee has traveled throughout the state, this disparity between vo-tech tuition and fees has been a big issue. These PTE courses are paid for by the state. **Adon** really call this a shortfall to the three four-year colleges, it is more like a curtailed windfall. **However**, he has no objection to the three-year hold harmless protection provision. He believes the concept is good, even though it may need to be **weakened** in order for it to fit better. Students should not have to pay twice the fee at one institution as they pay at another.

Senator Davis said that he is in support of the concept; however, he takes issue with some of the language in the draft and the continuing duty of the Legislature to appropriate additional funds. He used an example of the disparity in cost to a student majoring in welding versus an English major, the latter paying a higher tuition rate. He said that this committee should not send out the concept in this draft to the Legislature until it knows the answers to some of these concerns. He will be voting against the motion.

Dr. Michael Rush, State Administrator, Division of Professional-Technical Education, yielded to **Senator Goedde's** request to share his expertise with the committee. **Dr. Rush** agreed with **Senator Davis's** comment regarding differential fees paid by students. However, one needs to recognize that currently many college students pay differential fees; some are on sports scholarships, fee waivers, and out of state waivers. Consequently, fees are not uniform; it depends on what conditions the student enters a particular institution, not on what classes they take. They have, particularly in welding, the academic courses that are part of the PTE college itself and are paid for by PTE fees, not by the academic fees.

Senator Goedde asked if it would be feasible, if this idea goes forward, to write into the statute language that would state that if someone in a PTE program chose to use the credits they

received from PTE and transfer them to an academic degree program, that the student would be responsible for the difference in tuition. **Dr. Rush** said that he thought this would be feasible, but it would be very difficult to achieve.

Representative Rydalch commented that it is important to remember the various reasons why fees are priced differently among institutions. EITC is able to keep its costs down because they don't offer such options as athletics and don't have the same overhead costs as some of the other colleges. One should not be penalized for these differences.

Senator Stegner commented that he agrees with this concept of an equalization of this inequity. He stated he would be voting against the motion, but would like to see the committee approve a policy of working toward an equalization. His concern was in sending out legislation that has technical difficulties with some of the language and the appropriations. He would like to see the technical college dilemma at BSU resolved in a much bigger way rather than with this small fix.

Representative Bolz stated that he concurs with **Senator Stegner** that they need to look at a policy of working toward equalization. The presidents of the colleges have indicated they would like to see movement toward some type of equalization of PTE fees.

The motion that MLI041, be a recommendation of the committee failed on a vote of 6 ayes to 12 nays.

Senator Stegner moved that the committee recommend the Legislature pursue a policy of having fees for PTE classes and community college classes at existing four-year institutions reflect competitive fee structures with other technical and community college classes in the state. In order to accomplish that, the Legislature should solicit the input of the State Board of Education and the presidents of those institutions to advise on the structure needed to accomplish that policy. Senator Davis seconded the motion.

Senator Goedde asked if the motion was strictly for the PTE classes or did this also include the academic transfer classes? **Senator Stegner** said that his desire is to have the motion interpreted as broadly as possible so input could be accepted from the people involved and other legislative members. **Representative Boe** asked if the word **Fees** on the motion meant tuition only. **Senator Stegner** stated that his intent was that fees represent all tuition and fee costs.

Representative Rusche commented that he is concerned about getting **logged down** when trying to define what is a community college general education course delivered in a four-year institution. He suggested clarifying the two branches rather than lumping them all altogether.

Senator Little asked **Mr. Freeman** why this isn't the same \$48 million question. **Mr. Freeman** said that based on **Senator Stegner's** earlier debate on MLI041, it seemed apparent that his concern was mandating an appropriation in that draft. The \$48 million still stands, although he

hopes to continue to refine and clarify that number. The academic side will be more of a challenge than the PTE side.

Senator Goedde asked how equity can be created in the arena of tuition and student fees given the diverse use of student fees. **Mr. Freeman** said that included with fees is the repayment for bonding and auxiliary fees, which by Board policy cannot be paid for by general funds. This could be considered in the motion, whether or not to standardize just tuition, or tuition and fees and how exactly to accomplish that.

Senator Cameron suggested, from a philosophical standpoint, a standardization of tuition or fees charged for a PTE program. Academically, that would be another discussion. He suggested that the State Board and the presidents be empowered to come back to the Legislature with a recommendation of a way to reach that goal, with a possible deadline, and one that does not cost the state a significant amount of money.

Senator Cameron made a substitute motion to recommend that the policy of this committee be to move toward standardizing the tuition costs and fees for PTE courses and that the committee request the State Board and the college and university presidents to meet and make recommendations to the Legislature as to how they might accomplish that standardization over a period of time. Senator Malepeai seconded the substitute motion.

Senator Davis said that the reason he seconded the original motion was because the target was to drive down the cost of 100 and 200 level courses. **Senator Cameron's** proposal will result in, for example, students at EITC, where the delivery costs less per credit hour, having to pay more for classes because BSU cannot do it for less.

Senator Malepeai said he supports the substitute motion because he wants the standard for PTE and academic separated. There is more of a need for PTE than ever before. A standard needs to be made if affordability and accessibility are to be possible in all of the institutions that offer PTE. Regarding the academic, the two research institutions in the state come at a fairly costly effort for the state to maintain that status. The cost of PTE must be separated from the cost of maintaining the staff that is required to maintain these research universities. If this is compromised, it will take a long time to get the research component back.

Senator Goedde reminded the committee of comments made by **Representative Bolz** that the recommendation of the presidents of the institutions that would be affected by this, was to look at equalization of PTE courses and tuition-only fees.

Senator Cameron responded to **Senator Davis's** comments by saying that it was not his intention to cause fees to rise for EITC, but to have a discussion between the State Board and the college presidents about how they can offer those PTE courses. If EITC can offer them for \$100 per credit hour, then the others ought to be able to offer the same, and asked how we get to that point. He is in agreement with **Senator Malepeai's** comment that discussion of the PTE side needs to be first. He added that an affirmative vote on this motion does not lock anyone in to supporting what the Board or the presidents come forward with, but is stating from a policy

position that the committee would like to see those PTE fees standardized and driven to the lowest possible cost.

Senator Little commented that **standardized** and **driven to the lowest possible cost** occasionally conflict, and if they are underwritten to a certain extent, creating incentives for the different institutions to provide, for example, **Rolls Royce welding**, when why should there be an incentive for them all to be **Chevrolet Impala welding**? He thinks the cost of PTE needs to be underwritten, but to mandate standardization because of the difference in cost to the institutions will be difficult.

The substitute motion passed on a vote of 11 ayes to 7 nays.

Senator Goedde directed the committee to the drafts in Category 3, Income Tax Credit and Property Taxes Paid To A Community College District. **Draft MLI014** was first presented to the committee at its October meeting. There was no further discussion on it.

Representative Rydalch withdrew her **Draft MLI024** that removes the county charge-back for tuition paid on behalf of the student's home county and that provides an income tax credit up to \$500 for property taxes paid to a community college district.

Senator Goedde presented his **Draft MLI037** in Category 3. This draft lowers the cap on the community college M&O levy to .10% of the market value for assessment purposes. The current cap is .16%. Because CSI is already close to .10%, he suggested that if this were to go forward, that the .10% be increased to .125%, which would give CSI some cushion. The intent would be to give the taxpayers more assurance that they will not be taxed more than they are now.

Senator Langhorst asked for clarification as to the reasoning behind this legislation. **Senator Goedde** said that right now there is an opportunity for the community college districts to tax considerably higher than they are, and in neither case are the two community colleges in existence in Idaho taxing up to the cap. It is his suggestion that it would be easier to convince the voters to vote for another community college district if the maximum property tax allowed were lowered.

Senator Langhorst moved to recommend MLI037 to the Legislature with the change to .125% of market value for assessment purposes; Senator Little seconded the motion.

Senator Lodge asked **Senator Goedde** what the figure would be for \$100,000. He said that he had not made the calculation of what .035% would do to \$100,000. He explained that CSI in the early 90's was approximately .091 or .092% and has gone down since then. **Senator Langhorst**, speaking in favor of his motion, said that this would be one way to assure a lower potential in an increase in property taxes. **Mr. Freeman** said that the taxes, given the community colleges' current property evaluations of \$3.5 billion for CSI and a little over \$10 billion for NIC, at the legal maximum levy for CSI, would be about \$5.6 million, and they are at about \$3.2 million, so CSI is assessing about 57%, whereas NIC is assessing at about 44%.

Senator Little shared his calculation of a 22% reduction in the maximum allowable levy (.035% divided by .16%).

The motion carried on voice vote.

Senator Cameron withdrew **Draft MLI010** in Category No. 4, Geographic Boundaries and Course Offering. The draft was first discussed at the October meeting of the committee. Since **Draft MLI017** regarding boundary changes had also been discussed, **Senator Goedde** moved on to **Draft MLI026** regarding offering part-time and remedial courses off-campus.

Representative Boe said that **Draft MLI026** had been drafted in order to break down some of the barriers in order to allow an institution to offer classes at other locations. **Mr. Freeman** said that institutions that choose to exercise this option could do this within their existing budgets of general and institutional funds or request additional funding from the Legislature. There is a potential for a fiscal impact. **Representative Rydalch** was under the impression this could be done now and her understanding was confirmed as correct by legislative services staff.

Senator Little questioned the word *shall* used in the language, **Board shall permit...** versus the word *may*, indicating the State Board would not have any authority over students moving around from one location to another. **Representative Boe** said that she was willing to change the word from *shall* to *may*. **Senator Goedde** agreed that the current language would take discretionary authority away from the State Board. **Senator Cameron** said that he doesn't see MLI017 being in conflict with MLI026; **Senator Goedde** agreed.

Senator Cameron moved that the committee recommend MLI017. The motion died for lack of a second.

Senator Cameron commented that if this bill had passed, it would have helped advance an opportunity to allow existing community colleges to extend their service area. He noted that we will allow an out-of-state community college to come into the Treasure Valley, but are unwilling to allow NIC or CSI, at least at this stage, to consider coming into the valley without permission or authority of the State Board.

Senator Davis moved that the committee recommend together both MLI017 and MLI044; Senator Cameron seconded the motion.

In response to **Senator Andreason's** inquiry as to the reasoning behind the proposal, **Senator Cameron** said that it had been brought forward as a result of discussions about how to improve access to community college courses in the Treasure Valley. With the passage of MLI017, courses could start being offered immediately without purchasing bricks and mortar, without hiring new presidents and provosts, and could provide access for students to take community college courses immediately. The intent is not to tip over another's toes, but to provide courses in a cost efficient method as soon as possible. Otherwise, this process may take two or more years. Community input and involvement is certainly a consideration for discussion.

Senator Andreason commented that this valley is very ready for a community college. **A**We just need to put a community college together for the Treasure Valley, by the Treasure Valley. **@**He added that we don't need another college to tell us how to run a community college in the Treasure Valley. **A**his valley needs its own community college and I thought that one of the reasons this committee was put together was to help establish a community college for this valley. **@Senator Goedde** asked him if he thought that pushing MLI017 forward would be a detriment to formation of a community college in the Treasure Valley. **Senator Andreason** said that he did.

The motion failed on a vote of 5 ayes to 12 nays.

Representative Boe withdrew **Draft MLI026**.

Senator Goedde opened the floor to all drafts in Category 5, Elections, which included **Drafts MLI011, MLI013, and MLI028**.

Senator Goedde explained that currently there is nothing in community college statutes that provides for dissolution of a community college district. **MLI028** provides an election process to dissolve a community college district. He characterized this as a correction of a defect in the law as he believes there needs to be something in statute that describes how a community college district is dissolved, but clarified that he is not supporting dissolution of a district.

Because **Draft MLI011** was combined with **Draft MLI021** on a previous motion which passed, it will not be considered again. Therefore, the remaining bill in Category 5 is **Draft MLI013** that reduces the term of office of boards of community college trustees from six years to four years.

Senator Davis moved to recommend **Draft MLI013** as a policy recommendation of this committee; **Representative Rydalch** seconded the motion.

The motion carried on a voice vote.

With reference to **Draft MLI028**, **Senator Davis** queried **Senator Goedde** about the process to wind up the affairs of a community college district after a successful vote to dissolve the district. Does the draft provide a time frame for the payment of the bills and the satisfaction of any ongoing debt that may have been bonded for or otherwise incurred? **Senator Goedde** said that Subsection (5), in lines 12 through 19 on page 2, addresses that issue. **Senator Davis** said that this presumes that upon the sale of the assets, there are sufficient funds to satisfy the remaining indebtedness; any balance remaining could then be distributed. Where is it addressed in the bill to cover debts if the sale of the assets is insufficient to satisfy the remaining claims owing? **Senator Goedde** said that this is not addressed and suggested possibly language could be added that would address that potential instance. **Senator Davis** asked **Senator Goedde** what he would propose as a solution in the event there was not enough to pay for the indebtedness. **Senator Goedde** said that the avenue toward correcting that would be the continuation of the property tax until such time as the indebtedness is paid off.

Senator Davis moved MLI028 as a policy recommendation to the Legislature, with the addition of language conceptually similar to what **Senator Goedde** proposed for satisfying remaining debt in the event the dissolved assets are insufficient for that purpose. **Representative Bolz** seconded the motion.

The motion carried on a voice vote.

Senator Goedde directed the committee to Category 7, Scholarships, which included **Drafts MLI027 and MLI019**.

Representative Rydalch inquired whether the subject of scholarships fits in with the charge to the committee. **Senator Lodge** commented that there have been discussions at prior meetings of this committee regarding the lack of scholarship access. She said that **MLI019**, would provide eligibility to apply to the Robert Lee Scholarships to students who do not go immediately from high school into post-secondary education. The purpose for bringing this legislation before the committee was to open up the idea for discussion.

Senator Goedde referred to Senate Concurrent Resolution No. 132, the authorizing legislation for this committee, which discusses changes to existing statutes regarding post-secondary issues, as the role in funding, governance and academic programs in community colleges. He commented that scholarships would certainly affect funding and he determined it would be within the committee's purview to make recommendations on scholarships. **Representative Rydalch** commented that scholarships would also properly come under the purview of the appropriate standing committees of the Legislature.

Representative Boe recalled that when this resolution was debated in the House and the Senate, they were charged with finding ways to enable those high school students that have a high graduation rate to continue on to postsecondary education. The finances for high school students are one of the biggest barriers for students. Many do not have the money to attend college. Idaho is woefully low in the amount of financial aid it is able to offer students. She commented that this is one of the main issues that this committee should consider because it might make a difference in the rate of high school students that are able to continue on to college. **Senator Goedde** added that any recommendations of this committee would be presented to the germane committees during the Legislative session.

Representative Boe presented **Draft MLI027**, which is legislation that would provide a method of increasing the amount of scholarship aid that this state is able to offer to high school students who want to continue on to a postsecondary academic program or PTE. This bill would create a fund of \$15 million per year; the moneys would be apportioned to the different institutions based on enrollment, and the institutions would each decide how they would offer this scholarship aid.

Senator Cameron commented that he agrees that we need to do a better job of offering financial aid. He is concerned with this piece of legislation because it appropriates money directly. He does believe affordability is the biggest barrier for providing access. **As** not **bricks** and mortar, **it's** not the name on the door, **it's** not the location, **it's** not whether its funded by

property taxes or whether it's funded with state funds, it's affordability. He stated that because this bill appropriates funds, he would have to oppose it. He would be more comfortable with a position from this committee stating that we are supportive of putting together a financial aid program, and would like to solicit input from the State Board of Education and the university presidents as to the best way to offer financial aid for each of the colleges and universities.

Representative Bolz commented that he is in agreement with Senator Cameron's position on this issue and believes that we are getting the cart before the horse if we make a recommendation without hearing what the State Board is going to recommend. **Representative Rydalch** commented that the State Board has appointed a committee and is reviewing this issue. She referred to language in the draft which states, "The state board of education shall annually apportion the funds among all the public, postsecondary institutions of higher learning, specifically the University of Idaho, Boise State University, Idaho State University, Lewis-Clark State College, North Idaho College and the College of Southern Idaho..." But, she added, not to EITC.

Representative Rusche commented that he would strongly endorse a needs-based scholarship program, but suggested that the committee consider this as a need of the student and their families rather than the need of the institutions. The barrier is at the level of the family and student and not at the level of the institution. You can get to it by lowering the tuition rate, or deliver some of that same value by needs-based scholarships. This would provide the student the opportunity to be able to transfer from a community college to a university to meet the individual's educational goals - the money should follow the student.

Representative Chadderdon commented that she is hesitant about dedicating/mandating \$15 million and asked **Representative Boe** where that number came from. **Representative Boe** answered that the number was an educated guess by the president of ISU, who felt that amount statewide would at least be a beginning, to enable institutions to compete with what other states offer Idaho students. **Mr. Freeman** noted that the office of the State Board of Education, in its budget request, has a line item of \$10 million for a need or merit based scholarship.

Representative Bradford said that many students from his area attend Utah State. That university has been very aggressive in offering new programs to entice students to attend there. Full tuition and fees are all prepaid to students with a 3.4 to 4.0 GPA., and they offer two-year full tuition to students with GPAs of 3.1 to 3.3. There are many out-of-state waivers offered as well. He added that the university offers a great opportunity for affordability for its students, but we need to keep those students in Idaho if we can.

Senator Cameron, in response to **Representative Rusche's** comment, clarified that he is not talking about providing financial aid for universities or colleges, but for families. He just thinks it would be important to seek the input of our university and community college presidents as the financial aid needs of their students will be different and he wants to advance the concept that providing additional financial aid is necessary. He is not willing to automatically spend \$15 million toward this effort at this point in time.

Senator Lodge continued her explanation of **Draft MLI019** that would remove the age restriction for applications to the Robert Lee Promise Scholarship program. She referred to page 2, line 11 of the draft, which removes the word *immediately* following high school graduation. She has found that there are students who were not able to attend postsecondary school immediately after high school for various reasons. When they chose to return to college, they had great difficulty in finding scholarships. Many of these students would have qualified for the scholarship but because of the restriction of having to immediately attend college from high school, were not able to qualify.

Senator Goedde asked if removing the word *immediately* from category A students of the bill also applies to category B students, an individual's graduation from an accredited secondary school outside of the United States. **Senator Lodge** yielded to **Ms. Ingram**, who replied that the law never has had that requirement for eligibility for category B students; they did not have to go immediately to college.

Senator Cameron commented that one of the current dilemmas is that there are a significant number of students who are applying for the Category A Scholarship who do qualify. He recalled that last year an excess of 2,000 applied for Category A when only about twenty scholarships are given out per year. He further commented that we would need to be prepared to provide some additional money to offer additional scholarships.

Senator Lodge asked **Mr. Freeman** if the expansion of that scholarship is in the State Board's budget. He said that the \$10 million has been earmarked as a place holder in the State Board's budget while their task force works on needs-based aid. Expanding the Promise Scholarship hasn't been discussed because it is merit based, and they are looking at primarily needs based.

Mr. Freeman said that there would not be a fiscal impact on **MLI019** because the draft only expands eligibility for the Promise Scholarships; it would not increase the number of scholarships available. That would be a separate issue to be decided. Currently there is \$4.4 million in the base for the Promise B Scholarships and about \$330,000 in the base for the Promise A Scholarships. To date, everyone who is eligible for the Promise B scholarship has received money. It has never been necessary for the State Board to request a supplemental.

Senator Andreason asked for a comparison of the amount of the current year's scholarship with the amount of \$10 million that is being requested by the Board. **Mr. Freeman** said that there is a total of approximately \$7 million for general and federal money for scholarships administered by the state. The \$10 million would be in addition to what is already there, which would equate to a total of \$17 million.

Senator Lodge emphasized that this would open this scholarship up to non-traditional students so that they would have more access to community colleges or college programs.

Senator Lodge moved that the committee recommend **Draft MLI019**; **Senator Davis** seconded the motion.

The motion carried on a voice vote.

Representative Rusche moved that the committee strongly recommends development of a policy and a program for needs-based scholarships through the State Board of Education. Senator Langhorst seconded the motion.

Representative Boe commented that she is in agreement with this. At a forum held in Idaho Falls, she learned that the lowest 40% of wage earners in Idaho must spend 30% of their total income to send a child to college in Idaho. As long as that is the situation, it is no wonder there are not more of our students going on to college.

Senator Stegner said that the priority of the state for higher education should be absolutely to increase the accessibility and affordability of higher education and that is why the committee was authorized. He commented that the state raises costs on the one hand and then hands out scholarships on the other. He asked, **Why in the world don't we just reduce the cost?** He asked why the committee isn't discussing a bill to reduce tuition costs across the board. He said that discussions on access and affordability ought to occur before discussing how to selectively reduce the cost to some people. Why not reduce the cost to everyone who wants to attend? He said he will be voting against the motion.

Senator Cameron expressed his concern for the consideration of the necessity of providing a financial needs package as well as reducing tuition costs. He believes there ought to be discussion with the State Board and the presidents to figure out what kind of package to put together. Perhaps it is a combination of a financial aid package together with reduced tuition costs.

Senator Andreason asked the co-chairmen what their intent is for consideration of a community college in the Treasure Valley. **Senator Goedde**, speaking for himself, said that the committee at this point, has made some recommendations that make it easier for taxpayers, within whatever boundary is decided, to accept some property tax burden to move a community college forward. **Representative Bolz** responded that they have tried to eliminate some of the stumbling blocks but have not eliminated all of them. He added that Caldwell and Treasure Valley Community College are moving forward on working together, consequently there will be some competition from TVCC in this valley. Private colleges will come in and take over for us, and he hopes the committee has removed some of those stumbling blocks to make that possible for them to do that.

Senator Malepeai made the point that **Needs based** is a combination of factors that contributes to the funding of a student to attend college. For example, a student achieving a 2.8 or 2.9 GPA on a college prep course in a family of five whose income is \$25,000 will most likely not continue on to college because of the affordability factor. Needs based financial support would offer this family the opportunity to attend postsecondary school. Because of the potential of that student, we need to make sure that student attends college.

Senator Goedde told the committee that he had been briefed on the draft that is being considered by the State Board of Education and he thinks that everyone on this committee will be proud of their results.

Senator Davis made a substitute motion that the committee recommend to the Legislature to seriously consider the recommendation of the State Board of Education and should it find value in it, to advance it. Senator Lodge seconded the motion.

Senator Goedde responded to **Representative Rusche**, who inquired, **Exactly what is the recommendation?** **Senator Goedde** said that he has not yet seen the final recommendation.

Senator Langhorst said that he will support the original motion because he thinks it is a broader policy statement on behalf of the committee. The substitute motion narrows it down to a proposal that hasn't been seen and it seems wiser to support the needs-based concept in principal. He also supports the word **strongly** being in the motion.

The substitute motion failed on a vote of 8 ayes to 9 nays.

The original motion that the committee strongly recommends development of a policy and a program for needs-based scholarships through the State Board of Education passed on a vote of 14 ayes to 3 nays.

The chairmen were gracious in their acknowledgment of all the time and effort that committee members and staff have put into this committee's work during the interim. **Senator Goedde** concluded by saying that progress has been made and hopefully the committee's work will be a springboard for additional progress as we go forward. **Representative Bolz** concluded by saying that there may be some recommendations in the legislative session offered by the Governor that may or may not fit well with what the committee has already done; those can be considered when the time comes.

The meeting was adjourned sine die at 3:45 p.m.