

MINUTES  
**SENATE EDUCATION COMMITTEE**

**DATE:** Thursday, March 07, 2013

**TIME:** 3:00 P.M.

**PLACE:** Room WW55

**MEMBERS PRESENT:** Chairman Goedde, Vice Chairman Mortimer, Senators Pearce, Fulcher, Nonini, Thayn, Patrick, Durst and Buckner-Webb

**ABSENT/  
EXCUSED:**

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Goedde** called the Education Committee (Committee) to order at 3:05 p.m., and a silent roll was taken.

**JFAC DISCUSSION (CONTINUED):** **Chairman Goedde** began the meeting with a continuation of the Committee's discussion regarding the Joint Finance and Appropriations Committee's (JFAC) invitation to comment on Sections 25 and 26 of the education budget. Having discussed Section 26 at length the previous day, **Chairman Goedde** directed the Committee's attention to Section 25.

The Committee discussed Section 25 at length. Several committee members did not support the ten subsections which specified how the section's \$21 million must be used. **Senators Durst, Nonini, Patrick, Pearce** and **Fulcher** all felt that the districts would be better served if the \$21 million were put into discretionary funds to allow the districts flexibility for their needs. **Senator Cameron** reminded the Committee that JFAC had offered the Committee the opportunity to comment on language, but the budget and allocations were set and could not be revised unless two-thirds of JFAC agreed to re-open budget discussions. **Vice Chairman Mortimer**, who also sits on JFAC explained that he had fought hard for more discretionary funds, and that several factors prevented that from occurring. Recognizing the issues the Committee raised, **Vice Chairman Mortimer** reminded the committee that these funds were for one year only. He suggested that the committee offer language and move on.

**H 206** **Jason Hancock**, State Department of Education (SDE), explained that the SDE and the stakeholders had been working on **H 206** for over eight months. As is the nature of compromise, everyone got something and also gave up some ground. The first component of **H 206** includes a new requirement that charter schools pay an authorizer fee to the entity who authorized their charter and oversees their performance. The purpose of this fee is to defray costs of providing oversight, and to encourage more school districts to act as authorizers.

The second provision involves the creation of a state facilities fund stream for charter schools. Currently, charter schools have no source of revenue to pay for facilities costs, and must divert state funds in tended for employee salaries and operating costs to pay for facilities.

In answer to questions by the Committee, **Mr. Hancock** continued that charter schools cannot participate in bond levies or property taxes for facilities and must go to "boutique" lenders who charge much higher interest rates because the loan is secured by the building alone, as opposed to the entire school district. If charter schools had an identifiable funding source, other lenders might become involved, creating competition and lower rates. Further, those charter schools with a longer history of success could obtain better rates than newer charter schools who do not have a long-term success history.

**TESTIMONY:** **Kelly Trudeau**, representing Compass Public Charter School K-12 (Compass) in Meridian, said that Compass had purchased their own facility using a bond. Compass has paid nearly \$1 million in fees, and will have paid \$12 million for a building built in 1970. Currently, they receive state funds based on Average Daily Attendance (ADA) which is dedicated to instruction, but instead 50 percent goes to facilities. **Ms. Trudeau** said that passage of **H 206** would help Compass.

**Don Keller**, Director of Sage International School of Boise (Sage), said that facilities costs are the number one difficulty Sage faces. Sage is growing rapidly, from an initial 216 students to 700 students. Their admission lottery was just held, and approximately 600 students were not chosen. **Mr. Keller** said that each year, 17 to 20 percent of Sage's per pupil funding is diverted to facilities, which takes away from student education. **Mr. Keller** agreed that **H 206** would greatly increase Sage's ability to educate their students. The bill would also allow Sage a better bond rate which would save the schools millions of dollars. Sage is currently in the process of bonding to secure a 70,000 square foot building.

**Tamara Baysinger**, Idaho State Board of Education, representing the Idaho Charter School Commission, testified in support of **H 206**. In addition to funding issues, **Ms. Baysinger** spoke about **H 206**'s proposed fees paid to authorizers, which would increase the opportunity for collaboration between local districts and public charter schools. When charter petitions are referred to the Commission – as most are – the most common reason districts cited for referral is that they simply lack the resources to do the job. Removing that disincentive would be an important step toward increasing choice within, and support by local school districts. **Ms. Baysinger** highlighted a provision of **H 206** that would permit 10 percent of the authorizer fee to go to other entities which provide support and assistance to public charter schools. Charter School Associations – typically membership based, formed by and of charter school stakeholders – play an important role in the charter school sector because they can intervene with struggling schools and enhance collaboration among successful schools in a way that an authorizer cannot. Their expertise, which is particular to charter schools, is extremely valuable and historically lacking in Idaho.

**Teresa England**, Principal at The Village Charter School (Village), testified that Village open in 2011. The timing was unfortunate because federal start up grants had just ended. Now a large proportion of their general fund pays for facilities. The funding stream in **H 206** would make Village look more attractive for lenders in the future.

**Robin Nettinga**, representing the Idaho Education Association (IEA), testified that the IEA could not support **H 206**. She said that charter school founders know from the outset that trade offs exist in creating charter schools: one of those is the lack of authority to run tax elections. The IEA finds three major concerns with **H 206**. First, should this bill be approved, the IEA fears that a charter school could successfully run a bond levy to the detriment of the public school district, which may not receive subsequent support from the voters. Second, charter school board members are not elected by the public, and therefore, are not accountable to the school district's patrons for use of facilities funds they might receive. Finally, all schools, not just charter schools, must stretch precious and few funds which they would rather spend on instruction. Lack of funding is not unique to charter schools. The IEA does not believe that **H 206** is the answer, and they cannot support it.

**Ken Burgess**, representing the Idaho Charter School Network, said that, contrary to opinion, charter schools are not trying to build or buy new buildings, and almost 50 percent of charter schools lease their facilities. His organization supports **H 206**.

Due to time constraints, **Chairman Goedde** suspended discussion of **H 206** until March 11, 2013.

**ADJOURNED:** Having no further business before the Committee, **Chairman Goedde** adjourned the meeting at 4:35 p.m.

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Senator Goedde  
Chairman

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Elaine Leedy  
Secretary