

MINUTES
SENATE EDUCATION COMMITTEE

- DATE:** Thursday, March 14, 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 to order at 3:03 p.m., and a silent roll was taken.
- AWARD RECOGNITION:** **Katie Pemberton**, Idaho Teacher of the Year, reviewed education in Idaho and the nation over the past several and the exciting changes that technology have made since she began teaching math eight years ago. Technology has leveled the playing field around the world, however she was pleased to learn through one of her colleagues that the United States' educational system is still envied by countries such as China. "Our students are excellent test takers; however, they lack the creativity, problem solving skills and confidence that American students possess." **Ms. Pemberton** envisions all Idaho schools equipped with necessary infrastructure to support technology. She also favors weekly teacher collaboration to create the best possible and engaging lessons aligned with Common Core State Standards, together with a quality evaluation systems that holds all teachers accountable which acknowledging them as professionals. Ms. Pemberton's complete remarks are attached and incorporated by reference.
- H 225** **Jason Hancock**, State Department of Education, explained that **H 225** clarifies which version of section 33-1003, Idaho Code is currently in force. Confusion was created by the repeal of S 1108 through Proposition 1. According to the Attorney General's Office, since a trailer bill in 2011 already repealed the provisions of 33-1003 that were found in S 1108, and the legislature made further changes to 33-1003 in 2012, independent of SB 1108, the effect of these changes meant that the version established by H 603 in 2012 is currently in force. According to the people who publish Idaho's code books, however, the old 2010, pre-S 1108 version is now in force. **H 225** simply clarifies that the Attorney General's interpretation of current law cements in place the provisions of H 603. H 603 provided 97 percent ADA funding protection for school districts, regardless whether their student count had declined, year over year. The cost for this protection was self-funded, so that all districts would have their state formula funds reduced by a like percentage in an amount necessary to cover this cost, which is about 0.2 percent a year. In this sense, **H 225** functions much like insurance does, but with the premium calculated after the fact. It allows school districts some budgeting certainty from year to year. Charter schools do not receive ADA funding protection in 33-1003, nor do they pay the 0.2 percent premium. If **H 225** does not pass, the fiscal impact would be \$5 million to fund the 99 percent ADA protection feature that was in place in 2010, since that law required all the cost to be borne by the state.

MOTION: **Vice Chairman Mortimer** made a motion to send **H 225** to the Senate floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion carried by **voice vote**.

H 218 **Representative Wendy Horman** introduced **H 218**. A number of provisions in the Idaho Code governing issuance of school bonds need to be updated, modernized and made consistent with other provisions of Idaho Code. **H 218** eliminates obsolete provisions which have not been updated since 1963. It also replaces vague language with objective measures of when a school district's bond amortization plan requires the approval of the State Superintendent of Public Instruction, and specifically limits bond amortization to no more than 30 years. The legislation eliminates conflicting provisions relating to refunding (refinancing) bonds, and makes a technical correction for refunding bonds relating to compliance with the state's school bond guaranty program under title 33, chapter 53, Idaho Code. **Representative Horman** introduced Nick Miller, attorney at Hawley Troxell, Eric Heringer of the Seattle North-West Securities corporation, and Rich Bauscher, Superintendent of Middleton School District.

TESTIMONY: Due to the very technical and legal nature of their testimony, Mr. Miller and Mr. Heringer's written presentation is attached and incorporated by reference.

Superintendent Bauscher said that he had worked with other superintendents around the state and participated in approximately 75 bond issues. Middleton has passed three bonds of 20 years each, and would like the flexibility to lock in constant rates by increasing the maximum term to 30 years. **Superintendent Bauscher** gave several examples, and assured the Committee that many superintendents across the state support **H 218**.

Senator Patrick questioned whether the interest cost of ten additional term years was of sufficient benefit to taxpayers to justify the added cost. **Mr. Harringer** replied that lower payments could be attractive to taxpayers; raising the term length was an option, not a mandate; and interests costs are fully disclosed.

Representative Horman concluded by stating that while increasing the term option to thirty years may increase the total interest cost, it softens the burden for those who pay. Rather than entrusting local trustees with the ability to raise rates, **H 218** will allow voters to decide if a longer term is appropriate for their community.

MOTION: **Senator Durst** made a motion to send **H 218** to the Senate floor with a **do pass** recommendation. **Vice Chairman Mortimer** seconded the motion. **Senator Patrick** stated that he could not support **H 218** due to the added cost. The motion carried by **voice vote**. **Senator Patrick** voted **nay**. Chairman Goedde will carry the bill to the floor.

S 1146 **Robin Nettinga**, Executive Director, Idaho Education Association (IEA), explained the historical background of **S 1146**, which involved proposed legislation H 117 in 2009, and the subsequent Idaho Code § 33-522 Financial Emergency statute. In the four years since implementation, the law has been used effectively at the state level. It has provided school districts with a tool to deal with funding shortfalls while assuring that all parties—school board, administrators, and teachers—are provided an abbreviated period of time to renegotiate portions of their contract, should the district find itself in a difficult financial situation. However, school boards and administrators have expressed concern, that the percentages in the original legislation are too high to ever allow a local district to declare a financial emergency. The IEA has introduced **S 1146** as an alternative to S 1148, to remedy that concern.

S 1146 makes several modifications to the current financial emergency plan. The first change would reduce the bar a district would be required to meet from 5 percent to 1.5 percent. The second change would reduce the trigger from 3 percent to 1.5 percent. With the changes outlined in **S 1146**, a local school district could declare a financial emergency if it determines that either: (1) the amount of property tax revenue collected by the school district is reduced from the prior year and represents more than 1.5 percent of the district's general fund budget, or (2) if the school district's general fund has decreased by at least 1.5 percent from the previous year's level due to a decrease in funding or national disaster, but not a result of the number of support units or index multiplier. Unlike SB 1148 or other proposals before it, **S 1146** makes it less restrictive for local school districts to declare a financial emergency while still preserving teachers' rights to negotiate changes to their master agreement, even in a financial emergency.

Chairman Goedde clarified that, while these changes might not be a solution for the Mackay Joint School District (Mackay), they would provide an alternative solution to S 1148. **Ms. Nettinga** agreed. **Ms. Nettinga** also stated that if the number of support units decreased sufficiently in the Mackay district so that state support would decrease by more than 1.5 percent, then Mackay would qualify for financial emergency relief.

MOTION: **Vice Chairman Mortimer** made a motion to send **S 1146** to the Senate floor with a **do pass** recommendation. **Senator Durst** seconded the motion. The motion carried by **voice vote**. Vice Chairman Mortimer will carry the bill on the floor.

ADJOURNED: Having no further business before the Committee, **Chairman Goedde** adjourned the meeting at 4:19 p.m.

Senator Goedde
Chairman

Elaine Leedy
Secretary