

MINUTES
SENATE EDUCATION COMMITTEE

DATE: Thursday, February 06, 2014

TIME: 3:00 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Goedde, Vice Chairman Mortimer, Senators Fulcher, Nonini, Thayn, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: Senator Pearce

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 Senate Education Committee (Committee) to order at 3:02 p.m., and a silent roll was taken.

PRESENTATION: **Mike Rush**, Executive Director of the Idaho State Board of Education (Board) acknowledged the work done by his organization. He then focused on the legal parameters given to the Board by the State Constitution along with the organizational system the Board has established in order to meet these parameters. Dr. Rush noted that the Board had recently hired a new President to the University of Idaho, Chuck Staben. Mr. Staben is expected to fill the position previously occupied by Interim President Don Burnett.

Dr. Rush focused on higher education and the goal of the Board to ensure that 60 percent of Idaho's citizens ages 25-34 receive at least one year of postsecondary schooling by 2020. Initial efforts have been promising in reaching this goal, yet more aggressive measures may need to be taken to compete in the current and future markets. Dr. Rush stressed the importance of obtaining a postsecondary degree for individuals, employers, and for the State as a whole. **Dr. Rush** described the actions taken by the Board to address these needs. The Board's Complete College Idaho plan is designed to adapt to changes in education on a yearly basis through various methods. Key strategies are: (1) Strengthen the pipeline by increasing rigor, graduation requirements and opportunities such as dual credit, Tech Prep and Advanced Placement courses; (2) Transform remediation by implementing new methods that increase the likelihood of student success; (3) Structure for success by ensuring that credits transfer easily among instate institutions and by developing a web portal to simplify the transfer process; (4) Reward progress and completion and redesign the State's financial support for postsecondary students; and (5) Leverage partnerships between the education community, business, non-profit and philanthropic organizations.

Dr. Sherawn Reberry, Director of Education Programs and **Ryan Gravette**, Technology Director of Idaho Digital Learning Academy (IDLA), demonstrated the portal. **Dr. Reberry** described one of the current objectives of IDLA – developing a website to track resources and clarify the potential distribution of credits for dual credit and transfer students. IDLA has focused on college transfer students, but will continue to develop the site to include all students potentially looking at higher education in Idaho. **Mr. Gavette** explained how IDLA uses statistical data from schools and organizations to plan effectively for the future. Security of data is of utmost importance to IDLA.

Dr. Rush stated that last May, the Board directed the four-year public institutions to conduct a review of the efficiency and effectiveness of all academic and non-academic programs. This review will be used for performance based funding. He also thanked the Legislature for approving a Director of Research last year, a position which has produced valuable information on college participation, remediation rates, success of graduates by college major and how majors align in the workforce. Finally, **Dr. Rush** detailed higher education's budget requests to fund: equipment replacements, key faculty in high need areas, key staff, occupancy costs, second year law personnel and operating costs in Boise, Higher Education Research Council, and PTE replacement items and manufacturing programs. In addition, the Board requests line items for a web developer position, increased dedicated fund spending authority, a Charter School Commission Fund shift and funding for education reform special committees.

Chairman Goedde asked Mr. Gravette when he expected the IDLA website to be live online. **Mr. Gravette** replied that the first phase would be completed by the end of March. **Senator Thayn** asked if students were becoming more college ready. **Dr. Rush** replied that many still need remediation, and often, those students do not complete their programs. In order to raise completion percentages, more students need to complete their programs. **Dr. Rush** added that 2013 is the first year under the new standards, and much is being done that will produce significant results. **Vice Chairman Mortimer** referenced the \$313,000 that was being changed from general funds to dedicated funds. It was his understanding that a portion of those funds were to stay in general funds, and asked what process was needed to effect that. **Dr. Rush** stated that it was a decision for the Joint Finance and Appropriations Committee (JFAC). He was not involved in the committee which made the change, but said those authorization fees are based on the appropriation from the year before. If all of the State General Account were left in the general fund, plus the \$334,000 from the authorizer's fund, it would double the amount of administrative overhead, and double the fees that the charter schools would be charged. **Dr. Rush** said he did not think this was the original intention, but he is not the correct person to answer the question. **Vice Chairman Mortimer** asked what the Charter School Commission would do if extra funds were available. **Dr. Rush** replied that the legislation passed last year changed how charter schools were approved, increased accountability and local control, but also required more work for plan approval and negotiation. **Dr. Rush** said he felt his office needed another person to handle that responsibility which would carry a fiscal impact of approximately \$85,000.

Senator Thayn commented on the fact that data was being housed at the Board as well as at the Department of Labor (DOL), and felt that the Legislature needed to be aware of what data was being shared between the two departments. **Dr. Rush** agreed. **Chairman Goedde** said that, according to his briefings, no data from the education side gets to the DOL, but it is very important that education has the DOL data so graduate employment and earnings can be tracked. **Dr. Rush** commented that all the Board did was to create a mechanism to take advantage of DOL information without increasing risk of misuse.

Chairman Goedde asked how the members of the Data Management Council were appointed and what is the scope of their duty. **Dr. Rush** replied that they are appointed by the Board. They make recommendations on all postsecondary and secondary data elements and security processes and procedures. **Chairman Goedde** asked if the \$5 million for higher learning was all distributed to the institutions. **Dr. Rush** answered affirmatively. **Vice Chairman Mortimer** noted that \$5 million toward the 60 percent goal was budgeted to the four, four-year institutions, and asked if it should have been shared more with community colleges and PTE. **Dr. Rush** replied that his presentation had not referenced the PTE and community college budgets. **Matt Freeman**, State Board of Education, said that the Governor did not reference specifically the 60 percent line item that was requested from the community colleges. The Governor recommended funding for outreach centers for both College of Southern Idaho (CSI) and North Idaho College (NIC). Although not framed as a 60 percent line item, it certainly will contribute to it. The advanced manufacturing line item is the only line item that was requested and recommended by the Governor for PTE.

PRESENTATION: **Teresa Luna**, Director of the Idaho Department of Administration, described the funding issues that the Idaho Education Network (IEN) has experienced recently with the Universal Service Administrative Company (USAC). USAC is a private contractor hired by the Federal Communications Commission (FCC) to administer the distribution of e-rate funds every year. These e-rate funds have paid approximately 75 percent of IEN costs. IEN has applied for and been awarded these funds since it began in 2009, but funds currently owed are being withheld while USAC reviews contracts that were previously awarded. Despite attempts by IEN to clarify and rectify issues, USAC has not dispersed the expected funds, nor given any indication of when they might. **Director Luna** then noted that many school districts in Idaho had experienced similar problems with USAC. Because of these financial problems, IEN has put forth two funding requests to the Joint Financial Appropriations Committee (JFAC): (1) \$14.5 million to fill the void created by the lack of action by the USAC, and (2) \$3.5 million request to expand the operations of IEN into all elementary and middle schools in the state according to the Governor's recommendation. **Director Luna** reiterated the obstacles facing the IEN to expedite the disbursement of the funds already awarded them along with the attempts to address them.

Senator Fulcher asked Director Luna to share an update on the Syringa Networks (Syringa) lawsuit. **Director Luna** replied that the contracts for the IEN were awarded in January 2009. In December 2009, Syringa filed a lawsuit in district court against the State, Education Networks of America (ENA) and Qwest. The district court dismissed all claims, and Syringa appealed that ruling to the Idaho Supreme Court. All claims were dismissed with the exception of part of the complaint against the State regarding the amendment to the Qwest contract. "The Supreme Court remanded the case back to the District Court to determine whether the State's amended contract with Qwest was awarded in violation of the applicable statutes." This is the only piece that is before the district court today. **Senator Fulcher** asked if the delay in payment is connected to the lawsuit. **Director Luna** said that she believes it is a factor, but based on the report just received, it is now clear that a successful resolution of the court issues will not necessarily release the funds. USAC is doing its own independent review. **Senator Fulcher** asked Ms. Luna to share the status of her communications with JFAC and whether monies were being identified to supplant these funds. **Jani Revier**, Administrator, Division of Financial Management, stated that the Governor had recommended a 2014 supplemental \$14.45 million, with carryover authority, which is \$7.15 million for FY 2014 and \$7.3 million for FY 2015. The Governor had recommended transferring \$29 million into the Public Education Stabilization Fund (PESF), and he is proposing that instead

of transferring that money into PESF, we appropriate a portion of that to fund the e-rate share of the IEN.

Senator Buckner-Webb asked about the performance of USAC to date, and whether or not their investigation will be completed within a reasonable timetable. **Ms. Luna** replied that her office regularly receives inquiries from USAC. Their experience with USAC has been very favorable. No timetable has been forthcoming, but other districts have reported up to two years for resolution. **Chairman Goedde** clarified that the problem lies in the delay of money, not in the operation of the broadband itself. **Ms. Luna** concurred. **Vice Chairman Mortimer** shared a communication he had received indicating that USAC could seek reimbursement of e-rates from the State dating back to 2009. He asked Ms. Luna what that dollar amount would be. **Ms. Luna** replied that the figure would be just under \$13.5 million, which is the money that e-rate has paid out to date. **Vice Chairman Mortimer** asked about the time frame needed should the State need to re-contract. **Ms. Luna** replied that 12 to 18 months would be required in order to give school districts adequate time and to meet e-rate deadlines for future years. **Senator Nonini** asked Ms. Luna about the ramifications if JFAC does not appropriate the Governor's \$14.45 million supplemental proposal. **Ms. Luna** replied that without the supplemental funds, the IEN will shut down all high-speed connectivity to high schools, and to the 89 school districts that rely wholly on the IEN for their services. **Senator Nonini** asked if it had been collectively advantageous to the districts for the State to capture the e-rate funds, as opposed to individually as had occurred in the past. **Ms. Luna** replied that the e-rate reimbursement is based on a formula involving the federal free and reduced lunch program, and the State can reimburse districts with more money by capturing the e-rate reimbursement in the aggregate. **Chairman Goedde** asked when the last request was made to USAC which generally would receive a 60 day response. **Ms. Luna** replied that the 60 day period in question expired on December 23, 2013. The silence since then is very unusual. **Chairman Goedde** asked Ms. Luna to provide the Committee with a list of the districts which rely solely on IEN for their internet connectivity. **Ms. Luna** replied affirmatively. **Senator Fulcher** asked whether this situation would have occurred were it not for the legal situation. **Ms. Luna** replied that she could only speculate.

PRESENTATION: **Julie Best**, Communications Director, IEN said that IEN had been working over the past year to bridge the gap between distance learning and an authentic environment within the traditional classroom. This included distance learning courses, teacher professional development, interactive collaborations and enrichment activities for students, educators, and community members. The IEN also offers school districts and charter schools high speed internet access through its private broadband network. A valuable resource in their success has been the collaborative efforts with IDLA.

Dr. Serawn Reberry, Director of Education Programs said that the IDLA hybrid pilot had been born from a need to reach students in rural areas with limited resources to allow students to experience an asynchronous, traditional online course as well as synchronous instruction that resembles face-to-face instruction. Both teachers and students provided positive feedback from the hybrid pilot, and 69 percent of reporting districts would like to use the hybrid model in the future. **Kristin Guidry**, Communication Specialist, IEN, and **Dave Davies**, Principal of Weiser High School, stressed the importance of IEN in rural communities to offer students opportunities they would otherwise not have and equip them with skills they need in the workforce and higher education. Both described several success stories.

Senator Ward-Engelking asked about the procedure for handling service problems and about variations in service among the districts. **Ms. Best** replied that IEN offers round-the-clock technical support for the school districts. Ms. Best also acknowledged that variations exist among local carriers.

**RS 22709,
RS 22710,
RS 22711C1,
RS 22772,
RS 22748,
RS22749,
RS 22751,
RS 22620,
RS 22818,
RS 22829,
RS 22720**

Chairman Goedde said that he had reviewed **RS 22709, RS 22710, RS 22711C1, RS 22772, RS 22748, RS22749, RS 22751, RS 22620, RS 22818, RS 22829, and RS 22720**. Several resulted from consensus among stakeholders.

MOTION:

Senator Nonini made a motion to print **RS 22709, RS 22710, RS 22711C1, RS 22772, RS 22748, RS22749, RS 22751, RS 22620, RS 22818, RS 22829, and RS 22720**. Senator Thayn seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

Having no further business before the Committee, **Chairman Goedde** adjourned the meeting at 4:33 p.m.

Senator Goedde
Chair

Elaine Leedy
Secretary