

MINUTES
SENATE EDUCATION COMMITTEE

DATE: Tuesday, March 31, 2015

TIME: 2:00 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Mortimer, Vice Chairman Thayn, Senators Keough, Nonini, Patrick, Souza, Den Hartog, Buckner-Webb and Ward-Engelking

**ABSENT/
EXCUSED:** None

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 Mortimer** convened the meeting at 2:02 p.m.

H 309: **Representative Clow**, District 24, presented **H 309** legislation to create the Public Charter School Debt Reserve. He explained the history of charter schools and that they are a school of choice. During the recession there were cuts made to the charter schools' budget. Most of the charter schools have thrived and have done well through creative methods of funding. This bill is to help charter schools fund their properties with the possibility in securing loans with a lower rate of interest. **Representative Clow** said it will also establish a debt reserve which would be housed in Idaho's Department of the Treasury with the understanding that the Joint Finance-Appropriation Committee (JFAC) would hold those funds and monitor the appropriation. Lenders would have more confidence to make loans, which would enable charter schools to secure loans at a lower interest rate. He reminded the Committee that charter schools are public schools, which are assured the student appropriations dollars but not property tax or bond dollars.

Emily McClure, Idaho Charter School Network, introduced her colleagues. She explained the process that charter schools encounter when trying to obtain loans for buildings. She highlighted the fact that they are viewed as a lending risk, and the interest rate for their loans are high. She explained the reasoning for this legislation and the rules imposed to make sure the funds would not be appropriated to other entities in the State. She highlighted the organizations that helped with the writing of this legislation. Their expertise was important to ensure that the procedures and funding mechanisms would be adequate. **Ms. McClure** explained the process a charter school would have to undertake to acquire a loan. She detailed how the funds would be repaid and what funds would be used in the case of default. She concluded saying that higher interest rates take money out of the classroom (see attachments 1 and 2).

Senator Ward-Engelking asked if the State would be responsible for some of the debt status of the charter schools. **Ms. McClure** replied in the negative. She explained that the money appropriated for the repayment fund is the only resource the State will have to allocate.

Senator Souza asked if the charter schools would be paying into the reserve fund. **Ms. McClure** answered that the legislation requires that the charter schools pay about ten basis points into the fund. That creates ownership for the charter schools and make sure that the fund will be used wisely and responsibly.

Senator Buckner-Webb asked which type of public school would not be eligible for this benefit. **Ms. McClure** said the online charter schools probably would not benefit from this legislation. Existing traditional schools have statutes that support their funding concerns.

Vice Chairman Thayne asked for an explanation of 1.2 times. **Chairman Mortimer** replied typically a lender is looking for sufficient cash flow to cover the payment 1.2 times annually.

TESTIMONY: **Bill Russell**, Northstar Charter School (NCS) Board Member, Idaho Charter School Network Board Member, said that NCS is the largest brick and mortar charter school in the State. He explained NSC's past debt and the renegotiation of the loan, and that he had witnessed the problems charter schools have had in trying to grow. He expressed his frustration about the funding process for charter schools, but indicated that this bill is a good start to helping charter schools grow. He asked the Committee to support **H 309**.

Don Keller, Executive Director, Sage International Charter School (SICS), spoke in support of **H 309**. He explained the expansion work that SICS is hoping to do, but said the high interest rates make that prohibitive. He detailed the risk that charter schools have and why that keeps the model from growing into the rural areas of the State (see attachment 3).

Karen Echeverria, Executive Director, Idaho School Boards Association (ISBA), stated that they are in opposition to **H 309**. She said they are concerned with the funding piece of the legislation, and would like the legislation to be more definitive. She explained the rigorous process the traditional schools must undertake to get building funding. **Ms. Echeverria** asked that **H 309** be held in Committee so that stakeholders can come to a consensus.

Senator Ward-Engelking asked if there is the ability to acquire matching funds or private donations for the debt reserve fund. **Ms. McClure** replied the bill has a provision for private donations.

Representative Clow concluded by explaining that JFAC requested that there be no specific appropriation funding component; the fiscal note is at the discretion of JFAC. He pointed out that districts can attempt a two-thirds bond election or supplemental and school facilities levies at 50 percent election. Each type of election can be difficult, yet none of those options are available to charter schools. He concluded by informing the Committee that this bill has created interest in the lending market, and two new lenders have come forward indicating their interest in lending to charter schools.

MOTION: **Senator Souza** moved that **H 309** be sent to the floor with a **do pass** recommendation. **Senator Patrick** seconded the motion. The motion passed by **voice vote**. Senator Mortimer will carry **H 309** on the floor.

H 313: **Tracie Bent**, Chief Policy and Planning Officer, State Board of Education (SBE), presented **H 313**, college and career advising. She stated this legislation is a result of the Governor's Task Force Committee's (GTFC) recommendation as well as the work SBE has doing regarding the importance of career and college advising, mentoring and coaching. She walked the Committee through the specifics of the legislation and explained the areas of funding, spending, technical wording, and job descriptions. **Ms. Bent** said that included in the bill is the flexibility for local districts to have the type of counseling that is best for their students. She described each of the different types of counselors listed in the legislation and explained the training that they must have secured in order to be a career counselor.

TESTIMONY: **Harold Ott**, Director of Rural Schools Association, Idaho Association of School Administrators (IASA), thanked those who worked on the bill. He explained they are in support of **H 313** because it is in direct line with the GTFC work and the 60 percent goal set by the SBE, and it is very supportive of STEM education. He expressed that the flexibility in the bill is beneficial to districts so they can use the most effective individualized delivery method.

Jess Harrison, Policy and Government Affairs Director, Idaho School Boards Association (ISBA), is in support of **H 313**. ISBA worked with the sponsors of this bill and believes that this legislation gives the districts the flexibility they need to implement this important program which will aid students in college and career decisions.

Ms. Bent concluded by saying this legislation is working in other districts. She emphasized that it is important to get something legislated so other districts will begin or continue working on career and college advising.

MOTION: **Senator Patrick** moved to send **H 313** to the floor with a **do pass** recommendation. **Senator Thayn** seconded the motion. The motion passed by **voice vote**. Senator Patrick will carry **H 313** on the floor.

H 314: **Tim Corder**, Special Assistant to the Superintendent, State Department of Education (SDE), presented **H 314**, which is the flexibility waiver to grant the SBE rulemaking authority concerning the flexibility document associated with the Federal Elementary and Secondary Education Act (ESEA). The legislation adds a new section to support the flexibility waiver, which will provide testing requirements to satisfy the minimum federal requirements of the consolidated state performance report.

Vice Chairman Thayn asked how long will the new waiver be in place. **Mr. Corder** replied this is year-to-year for three years.

Senator Souza said she would like the reassurance from the SDE that they will be rebranding the Common Core standards to be more reflective of Idaho. **Superintendent Ybarra** explained that due to copyright laws the Common Core standard cannot be rebranded. The SDE could make changes to the standards and customize a new standardized test. She explained that the SDE can vet it through the normal process and publish the standards pertinent to Idaho. She detailed how using past standards would be used to create new standards.

Senator Souza asked if the new standardized test would still be controlled by the Common Core board at the Federal Department of Education (FDE). **Superintendent Ybarra** replied in the negative. The FDE requires that the tests be college and career aligned standards. FDE does not oversee which specific test would be used.

MOTION: **Senator Den Hartog** moved to send **H 314** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion passed by **voice vote**. Senator Den Hartog will carry **H 314** on the floor.

PAGE GRADUATION: **Kayla Christensen** stated that she really enjoyed her time here as a Page. She said that she learned Senators are real people doing the best for Idaho. She explained her future plans for graduation and further education.

Senator Souza asked what if she has defined an area of study after her secondary schooling is completed. **Ms. Christensen** replied currently she is interested in nutrition.

Vice Chairman Thayn said he knew where she lived in Emmett and there are a lot of mosquitoes in that area, maybe she should consider a way to save the world from them.

Chairman Mortimer thanked her for her service and presented her with a letter of recommendation and a gift.

ADJOURNED: There being no more business, **Chairman Mortimer** adjourned the meeting at 3:02 p.m.

Senator Mortimer
Chair

LeAnn South
Secretary