

Good afternoon Mr. Chairman, Members of the Committee. My name is Emily McClure. I'm an attorney and a lobbyist and am here today on behalf of the Idaho Charter School Network to ask for your support for House Bill 309.

- Terry Ryan
- Marc Carnignan
- Cory Phelps

Introduction

As you've heard from lenders and charter school leaders, Idaho's public charter schools struggle to build, buy, expand or improve facilities.

- Charter schools are public schools, and are largely funded by public dollars appropriated by the Legislature.
- However, they're not able to participate in bond and levy elections.
- So when they want to expand, or need a new roof, they go out onto the private lending market to get loans
- Unfortunately, most lenders view charter schools in Idaho as a poor credit risk.
 - o They usually don't have a significant down payment, or much equity.
 - The money they bring to the table is whatever combination they can pull together from state funds, private donations, grants, and other fundraising efforts.

What it does

This bill would create a bucket that will sit in the treasury. When public charter schools go out to lenders to borrow money, they could point to this pot of money and say “if for some reason we default on this loan, money can be withdrawn from this fund to pay our monthly payments until we can renegotiate the terms of the loan.”

With that assurance, which is similar – but smaller - to the assurance traditional public schools are able to give banks, the banks offer lower interest rates on the loan.

However, there are some really important sideboards here.

- The idea is for this pot of money to sit in the treasury where it will work for public charter schools by not going anywhere.
- In an effort to ensure that this money will not go anywhere, we've included some very strict criteria for which charter schools can qualify to point to this fund.

Funding

- Finally, we consulted with some key folks on JFAC to ensure we got the funding language right.
- With help from the budget analysts, this bill is drafted in such a way that it can receive funds any number of ways:
 - o surplus funds, one time appropriations, continuing appropriations, whatever the legislature decides.
- We have also not requested a specific dollar amount. It will hold whatever the legislature decides – the more money, the more schools it can help.
- It is also drafted with a delayed effective date of July 2016, giving it a couple of years – and the budgeters advanced notice - to start accumulating funds.

Risk

Now, even though we've tried the best we can to minimize the risk, there is risk.

- If something happens and a public charter school that met all these criteria, and was approved by the lender and by IHFA to point to this fund, actually defaults on the loan, money could be withdrawn from the fund.
- However, first, the charter school would have to show that no other money is available to make its payment.
- Then, IHFA and the superintendant could start paying those monthly payments while they renegotiate the terms of the loan.

However, there are clear limits to minimize the risk to the state.

- The language specifies that the fund could be used to pay not more than 24 months of payments.
 - o For example, if a public charter school makes payments of \$10k per month, this fund could never be used to pay more than \$240,000.
- and it can only come from this fund – not from the full faith and credit of the state, or from the tax base, or from any other source, so it is further limited to the amount that actually exists in this fund.

Moreover, again, with the criteria in 2(b), these are the schools that are the least likely to default.

Amount in Fund

Again, this bill does not request a specific dollar amount. That is up to the legislature. The more in the fund, the more schools this can help.

- For example, if there is \$5m in the fund, that \$5m could be used to back up 24 months of payments at an estimated 5%, which would allow for total borrowing of around \$33m spread out over several schools at reduced interest rates, which would result in a savings of public dollars to the tune of approximately \$250,000 every year.

- Similarly, if the amount in the fund is \$10m, that could be used to back of 24 months of payments at an estimated 10% which would allow for total borrowing of around \$65m at reduced interest rates, and would result in a savings of approximately \$500,000 of public money every year.



Advancing Quality
Improving Achievement

IDAHO PUBLIC CHARTER SCHOOL FACT SHEET

How many charter schools are there in Idaho and how many students do they serve?

There are 48 charter schools serving about 19,600 students.

How many students are on charter school wait lists?

There are about 11,000 students on wait lists to get into a public charter school?

Are public charter schools free and open to anyone?

Public charter schools are free and open to anyone who applies. Charter schools with waiting lists have a lottery process for new students.

How many charter schools have closes since the program's inception in 1998?

Nine schools have closed since 1998 and most for financial reasons.

What percentage of the charter school population is considered in poverty?

According to the Office of Performance Evaluation, the statewide average poverty rate for charter schools in 2011-12 was 46 percent, while the statewide average for traditional schools was 50 percent. These numbers have probably inched up for each sector in recent years.

What is the percentage of charter school students receiving special education services?

According to the Office of Performance Evaluation, students receiving special education services in charter schools average eight percent, while the district average is 10 percent.

How many Idaho charter schools are "for profit?"

Idaho has four schools – all online models – run by "for profit" school management companies.

How do charter school students perform academically compared to students in traditional Idaho public schools?

Overall, Idaho's charter school students perform well in comparison to other Idaho public school students. On the 2014 "SAT" five of the top six scoring high schools were charters. Idaho charter school students as a group perform better on the National Assessment of Educational Progress (NAEP) reading and math assessments than their traditional district school peers. In 2013, fourth and eighth grade charter students outpaced their district peers in both reading and math. But not all charters are high-flyers academically. Some of the state's lowest graduation rates are found in charter schools.

Who governs Idaho charter schools?

Charter schools are started and governed by parents, educators, or school innovators, but to operate a charter school, a governing board needs to get approval from a charter school authorizer. In Idaho, school districts, the Idaho Charter School Commission and state and private (non-denominational) universities and colleges are the only organizations that may authorize public charter schools.

- How many students are in Charter Schools?

According to the state department of education, there are currently 49 charter schools serving just over 19,605 students

- How many Charter Schools have closed since inception? Which I believe is 8, can I get a list of when and why?

According to the Office of Performance Evaluation there are nine that have closed since 1998, these are the schools that have closed and the reasons why:

- Lost Rivers Charter School in Arco - Not Renewed
 - Renaissance Charter School in Moscow - Not Renewed
 - Hidden Springs Charter School in Boise - Financial
 - Idaho Leadership Academy in Pingree - Financial
 - Nampa Classical Academy in Nampa - Financial
 - Owl Charter in Nampa - Financial
 - DaVinci Charter in Boise - Financial
 - Wings Charter School in Twin Falls - Financial
 - Odyssey Charter School in Idaho Falls - Financial and inability to get accredited
- What percentage of the Charter School population is free and reduced lunch program?

According to the Office of Performance Evaluation, the statewide average poverty rate in charter schools in 2011-12 was 46%, while the statewide average for traditional schools was 50%. I suspect these numbers are very similar for 2014-15 with both inching up a little.

It is also worth noting that when it comes to students receiving special education services charter schools average 8% while districts average 10%

- How many Charter Schools have a cafeteria to provide free and reduced lunches?

This isn't tracked by the state. We could survey schools and get this number to you if needed. As facilities are a challenge for charters, most of the schools I've visited have multi-purpose rooms that also serve as cafeteria's and gymnasiums and theaters, etc.

- How many schools are "for profit".