

MINUTES
SENATE EDUCATION COMMITTEE

DATE: Wednesday, March 13, 2019

TIME: 2:00 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Mortimer, Vice Chairman Thayn, Senators Winder, Den Hartog, Crabtree, Woodward, Lent, and Buckner-Webb

ABSENT/ EXCUSED: Senators Ward-Engelking

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** called the meeting of the Senate Education Committee (Committee) to order at 2:10 p.m.

S 1180 **Relating to Public Charter School; Facilities Program. Senator Winder** said this proposed legislation has been worked on for a couple of years. He introduced Emily McClure, Idaho Charter School Network, to present **S 1180**. **Ms. McClure** testified in support of this bill and emphasized that charter schools are public schools and not funded by local bonds or levies. Charter schools are entirely dependent on State General Fund dollars to buy, lease, or improve facilities. Charter schools are organized under the Non-Profit Corporation Act, and there is some question as to whether they can receive the same benefit of the full faith and credit of the State of Idaho.

Ms. McClure noted there are two states that have created a financing tool called a "moral obligation" which allows charter schools to obtain lower interest rates on bonds. She reported this bill would help maximize state funding by creating a similar financing tool to help seasoned charter schools secure lower interest rates on bonds, thus allowing more taxpayer dollars to actually stay in the classroom working for children. **Ms. McClure** reported the overarching goal of this bill is to give bondholders and trustees the comfort that their investment will be safe if they enter into a bond deal with a qualified public charter school, which will then result in increasing competition and the offering of lower interest rates.

Ms. McClure explained the four elements contained in the financing tool: 1.) A stringent eligibility; 2.) A deposit of 12-months principal; 3.) A front-end intercept; and 4.) A separate fund is established to address missed payments. **Ms. McClure** walked the Committee through the proposed legislation section by section. She stated this program is for charter schools that have stable academic records and strong finances.

DISCUSSION: **Senator Den Hartog** asked what a school could save in interest payments. **Ms. McClure** noted credit rates vary from 2 to 3 percent, which is the equivalent of four teachers.

Chairman Mortimer said there are bond levy limitations in the proposed legislation. He asked if there is a limit on bonds that could be issued. **Ms. McClure** detailed the facts and figures of the total public school population as opposed to the charter school population. She reported approximately 7 percent of students attend charter schools. **Ms. McClure** detailed the amount of dollars that could be redirected from interest payments to teachers salaries.

TESTIMONY: **Keith Donnahue**, Doctor of Education (Ed.D), Executive Director, Sage International School, addressed Senator Den Hartog's question relating to interest savings. After consulting with experts and doing an analysis, he projected a savings of interest of \$240,000 per year for the next 30 years, which will have a significant impact.

Christian Anderson, Vice President of Public Finance, Zion's Bank, testified in support of this bill. He explained his work with school districts throughout the state on bond issues as a financial adviser and detailed the underwriting process. He stated the Public Charter School Facilities Program will provide a more level playing field for Idaho's charter schools, substantially reducing insurance costs and interest rates, which will provide a more competitive field of potential underwriters and service providers. **Mr. Anderson** indicated the program is expected to qualify for an investment-grade credit rating, resulting in millions of dollars in savings. These savings then can be invested into the classroom.

DISCUSSION: **Senator Winder** mentioned he looked at the last few schools that pledged their buildings as collateral. In 2015, financing was done through the Idaho Housing and Finance Association (IHFA) to pay for long-term projects. The fees for underwriting were between 1.5 and 2 percent. This program is not expected to rate as high as the School Loan Guarantee Program. There are substantial savings.

Senator Lent inquired if this bill applied to refinancing. **Mr. Anderson** answered in the affirmative.

TESTIMONY: **Julie Ellsworth**, Idaho State Treasurer, said she called on the Credit Rating Enhancement Committee to better understand the proposed legislation. She stated her office will not take a position on **S 1180**. She cautioned the bill writer that there is a moral obligation that exists in bonding.

DISCUSSION: **Senator Winder** stated that North Star Public Charter School in West Ada County was penalized because they used the conventional financing market and school property as collateral. He stated he was in support of reducing costs for charter schools and returning money to the classroom.

MOTION: **Senator Den Hartog** moved to send **S 1180** to the floor with a **do pass** recommendation. **Senator Bucker-Webb** seconded the motion. The motion passed by **voice vote**.

PRESENTATION: **Margie Gonzalez**, Executive Director, Idaho Commission on Hispanic Affairs (ICHA), presented with an update of ICHA. She noted the Hispanic population in Idaho has grown by 15 percent versus the non-Hispanic population that grew at 4 percent. **Ms. Gonzalez** remarked in the 2015-2016 school year, there were over 51,000 Hispanic students, who made up approximately 18 percent of the total student enrollment of K-12. She highlighted the Hispanic population by school district and reported North Idaho is experiencing an increase in the Hispanic population and detailed the counties with the most growth. **Ms. Gonzalez** pointed out there is a kindergarten gap for children who are unprepared to attend school and as the year progresses, the gap increases (Attachment 1).

DISCUSSION: **Chairman Mortimer** asked how the ICHA is reaching out to their service areas. **Ms. Gonzalez** outlined a number of programs, such as Parents As Partners, which help parents understand their role and responsibility in education. She stated there is also a strong partnership with the State Department of Education (SDE). She noted the ICHA works very closely with the statewide institutions to address student recruitment and retainment. She spoke about the growing Hispanic youth program that started with 50 students 12 years ago. She reported there are now over 3,500 students in the program. She said the institutions work with these students to provide scholarships and in the past year, over \$400,000 in scholarships awarded from Boise State University and the College of Southern Idaho.

PRESENTATION: **Christina Nava**, Doctor of Education (Ed.D), Director, English Language Learners (ELL), SDE, presented the SDE ELL update. She defined what it means to be classified as an ELL student and outlined the six levels of English Language Proficiency. She noted the ELL population is growing statewide. She explained the test for proficiency is more rigid and the majority of ELL students reside in grades K-3, and Region 3 (Southwest Idaho) is the largest population where most students are enrolling in schools (Attachment 2).

DISCUSSION: **Senator Den Hartog** asked how many different languages are spoken in that area. **Dr. Nava** remarked there are 134 languages spoken, with Spanish being the primary language; the other languages in that area include Arabic, Swahili, and Russian. **Dr. Nava** stated ELLs are still learning English, resulting in lower testing scores because of the language barriers. As students become more proficient in English, their test scores become higher. Their graduation rate is 75.2 percent versus 79 percent for the general public. Once a student acquires the English language, they do better.

Vice Chairman Thayn asked if they have data regarding those students who do not go on to post-secondary education. **Dr. Nava** stated most care for their families and work. Some lack motivation and some do not think college is for them.

Senator Winder asked if there is a cost breakout of the total cost to educate an ELL versus a non-ELL. **Dr. Nava** stated she would get an answer for that question.

PRESENTATION: **Dr. Nava** explained the funding received for ELLs and detailed how it is being used to hire staff and provide professional development. She spoke about the variety of grants from the Office of Economic Opportunity (OEO) and the funding dollars which allowed the partnership with Imagine Learning. She said Title III funding is part of the Elementary and Secondary Education Act and outlined how it is to help ensure that ELLs attain EL Proficiency and meet state academic standards. **Dr. Nava** said there is an EL Management System, which was developed to help educators eliminate unnecessary testing and provide quicker instructional support for students and the inclusion of strategy training. She detailed the support districts and schools receive from the Title III consortium. **Dr. Nava** outlined effective language programs that are being utilized in the schools throughout the state.

Sherri Ybarra, State Superintendent, SDE, reported there is work to be done with the ELL students. They are making gains and have all of the support necessary to move forward.

NOTE: To hear the complete presentation regarding Idaho Commission of Hispanic Affairs and English Language Learners, go to:
<https://legislature.idaho.gov/sessioninfo/2019/standingcommittees/SEDU/>

ADJOURNED: There being no further business at this time, **Chairman Mortimer** adjourned the meeting at 3:04 p.m.

Senator Dean M. Mortimer
Chair

LeAnn Mohr
Secretary

Linda Kambeitz
Asst. Secretary