

MINUTES
HOUSE EDUCATION COMMITTEE

DATE: Thursday, February 20, 2020

TIME: 9:00 A.M.

PLACE: Room EW41

MEMBERS: Chairman Clow, Vice Chairman Kerby, Representatives Shepherd, Boyle, Mendive, DeMordaunt, Moon, Ehardt, Goesling, Marshall, Raymond, Wisniewski, McCrostie, Abernathy, Berch

**ABSENT/
EXCUSED:** Chairman Clow

GUESTS: Melissa Morales, DD Council; Blake Youde and Marc Carignan, Idaho Charter School Network; Joel F. Weaver, Chief Tyghe Elementary; Harold Ott, Rural Schools; Tracie Bent, OSBE; Marilyn Whitney, SDE

Vice Chairman Kerby called the meeting to order at 9:00 am.

S 1266: **Sen. Johnson** presented **S 1266**, which removes language in code referencing an account of the Higher Education Stabilization Fund which will be paid out by the end of FY 2020. Because the account will be obsolete, there is no need to retain the language.

MOTION: **Rep. Goesling** made a motion to send **S 1266** to the floor with a **DO PASS** recommendation. **Motion carried by unanimous voice vote.** **Rep. Marshall** will sponsor the bill on the floor.

H 511: **Blake Youde**, representing Idaho Charter School Network, presented **H 511**, regarding the financial condition of charter schools. Charters are reviewed every five years by their authorizer and the bill seeks to clarify a condition between these reviews, if the school is in poor financial condition. The bill requires charter schools to end their fiscal year with 15 days' cash on hand. If a school has less than this, they have one year to remedy the situation, or risk revocation of their charter. Mr. Youde explained the timeline which would be followed, clarifying that a school would not be closed midyear. State law outlines the protest mechanism if there is disagreement about the school's financial status.

In response to Committee questions, **Mr. Youde** stated the requirement for 15 days is consistent with the annual review performed by the Public Charter School Commission (PCSC) and their grading of a school's financial condition. In his research, he determined this requirement is met by the majority of schools. Virtual schools are exempted in the legislation, because if they close midyear their students are not dislocated.

Joel Weaver, Chief Tyghe Elementary Academy, testified **in opposition** to **H 511**. He stated this bypasses the PCSC and State Board of Education, who could make a cash on hand requirement via administrative rule. The bill chooses a single point in time and does not take extra variables into account, which he stated is unfair when charters are not funded at the same level as traditional public schools.

In response to Committee questions, **Mr. Weaver** clarified he is happy to pay an authorizer fee to the PCSC; the true issue is facilities funding.

Marc Carignan, Chief Financial Officer, Bluum, spoke **in support** of the bill. He testified 15 days' cash on hand is a low threshold; if a school cannot meet this, they are in fiscal distress and have made poor financial decisions along the way to get to that point. He noted the PCSC's standard is 30 days' cash on hand for a start-up school, and 60 days for ongoing schools. He argued the bill provides a year to remedy this situation, but if a school is mismanaged there needs to be an option to close it in the least disruptive way. Only two schools would not have met the threshold last year.

In response to Committee questions, **Mr. Carignan** noted the computation of cash on hand is a standard equation. He testified the clear visibility of a specific benchmark allows the charter school to plan ahead to get there and provides motivation to remedy the situation before the end of the year. He felt 30 days' cash on hand would be a reasonable requirement, because the school likely has one more month of expenses to pay after the fiscal year end. He stated his desire to protect taxpayers and students, while balancing fiscal responsibility

Mr. Youde was recognized to close testimony on **H 511**. He clarified there are three ways for a charter to see the number of days' cash on hand they have: school staff, especially the business manager, are aware of it; it is verified in audit reports to the State Department of Education; and it is in the annual public performance report released by the PCSC. He noted only an extremely small number of schools have this problem to begin with.

MOTION: **Rep. Goesling** made a motion to send **H 511** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION: **Rep. DeMordaunt** made a substitute motion to send **H 511** to General Orders. Based on her experience, the deck is stacked against opening a charter and she felt a better balance could be struck between providing clarity, fiscal needs and not impeding start-up charter schools.

Rep. Goesling stated there are good reasons it is difficult to start a charter and having solid baselines and guidelines is key.

Matt Freeman, Executive Director, State Board of Education, was called upon and clarified he and the former director of the PCSC had a conversation about this issue with **Mr. Youde**. He stated the philosophy was to make these financial judgments more objective, rather than subjective, by providing a clear indicator of when a school is failing.

Rep. McCrostie said he would **support** the substitute motion.

Rep. Berch spoke **in opposition** to the substitute motion, agreeing it should not be easy to open a charter school. He felt the bill provides accountability and noted it is supported by charter school advocates.

ROLL CALL VOTE ON SUBSTITUTE MOTION: Roll call vote was requested. **Rep. Boyle** invoked Rule 80, stating she serves on the board of a virtual charter school. **Motion carried by a vote of 8 AYE, 6 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Reps. Boyle, Mendive, DeMordaunt, Moon, Ehardt, Goesling, Raymond** and **McCrostie. Voting in opposition** to the motion: **Vice Chairman Kerby, Reps. Shepherd, Marshall, Wisniewski, Abernathy** and **Berch. Chairman Clow was absent/excused. Rep. Goesling** will sponsor the bill on the floor.

RS 27734: The sponsor of **RS 27734** requested the hearing be delayed until tomorrow.

ADJOURN: There being no further business to come before the Committee, the meeting adjourned at 10:11 am.

Representative Kerby
Chair

Erica McGinnis
Secretary