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IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 766

BY EDUCATION COMMITTEE

AN ACT

RELATING TO EDUCATION; AMENDING SECTION 33-102A, IDAHO CODE, AS AMENDED IN SECTION 5 OF HOUSE BILL NO. 521, IF ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE APPOINTMENT OF THE EXECUTIVE OFFICER OF THE STATE BOARD OF EDUCATION; AMENDING SECTION 33-911, IDAHO CODE, AS AMENDED IN SECTION 4 OF HOUSE BILL NO. 521, IF ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE SCHOOL DISTRICT FACILITIES FUND; AMENDING SECTION 33-916, IDAHO CODE, AS ADDED BY SECTION 18 OF HOUSE BILL NO. 521, IF ENACTED BY THE SEC-OND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE ELIGIBILITY OF SCHOOL DISTRICTS FOR SCHOOL MODERNIZATION FACILITIES FUND DISTRIBUTIONS; AMENDING SECTION 33-917, IDAHO CODE, AS ADDED BY SECTION 19 OF HOUSE BILL NO. 521, IF ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE SCHOOL MODERNIZATION FACILITIES FUND; AMENDING SECTION 33-5207, IDAHO CODE, AS ADDED BY SECTION 23 OF HOUSE BILL NO. 422, AS ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE DISTRIBUTION OF FACILITIES FUNDS TO PUBLIC CHARTER SCHOOLS; AMENDING SECTION 33-5209A, IDAHO CODE, AS ADDED BY SECTION 26 OF HOUSE BILL NO. 422, AS ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REMOVE A PROVISION REGARDING PROVISIONAL RENEWAL; AND DECLARING AN EMERGENCY AND PROVIDING EFFECTIVE DATES.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 33-102A, Idaho Code, as amended in Section 5 of House Bill No. 521, if enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:

- 33-102A. OFFICE OF THE STATE BOARD -- EXECUTIVE OFFICER -- APPOINTMENT -- COMPENSATION -- DUTIES AND POWERS. (1) There is hereby created as an executive agency of the state board of education the office of the state board of education. The governor is hereby authorized to appoint an executive officer of the state board, with the advice and consent of the senate, who shall serve at the pleasure of the governor and shall receive such salary as fixed by the governor.
- (2) The executive officer shall, under the direction of the state board, have such duties and powers as prescribed by the said board of regents and the state board of education, not otherwise assigned by law.
- (3) The executive officer shall, together with the president of the state board of education, submit an annual report to the legislature no later

than January 15 of each year, detailing the uses and impact of the school modernization facilities fund.

SECTION 2. That Section 33-911, Idaho Code, as amended in Section 4 of House Bill No. 521, if enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:

- 33-911. SCHOOL DISTRICT FACILITIES FUND. (1) There is hereby created in the state treasury the school district facilities fund. The fund shall consist of moneys provided pursuant to sections 57-811, 63-3638, and 67-7434, Idaho Code, and any legislative transfers or appropriations. Interest earned from the investment of moneys in the fund shall be returned to the fund.
- (2) The moneys in the fund shall be distributed by the state controller to the state department of education by August 1 each year for the purpose of construction or renovation of school facilities. The moneys shall be distributed by the state department of education to each school district, as defined in section 33-1001(21), Idaho Code, first as provided in subsection (7) of this section and then on a per-pupil basis using the average daily attendance calculation provided in section 33-1003A, Idaho Code, for each student in kindergarten through grade 12 at physical facilities that are part of and on school grounds of the school district in which the student is enrolled with verification, as needed, by the office of the state board of education. Upon formal approval by the state board of education, a school district may receive an exemption to the physical facility requirement pursuant to this subsection if the student would have attended a physical facility in the school district if not for a stated emergency. The state department of education shall transfer the moneys by no later than August 31 each year to each school district. Such moneys shall be used in place of property tax levy moneys and shall be expended by a school district for one (1) or more of the purposes set forth in paragraphs (a) through (d) of this subsection. Moneys in the fund must be used by a school district in the following order of priority:
 - (a) Payment of existing school bonds authorized pursuant to chapter 11, title 33, Idaho Code;
 - (b) Payment of supplemental school levies authorized pursuant to section 33-802, Idaho Code, excluding indefinite term supplemental levies described in section 33-802(5), Idaho Code;
 - (c) Payment of school plant facility levies authorized pursuant to sections 33-804 and 33-804A, Idaho Code; and
 - (d) Any moneys that remain following the payments provided in paragraphs (a) through (c) of this subsection may be: used for construction of a new school facility, renovation, or maintenance needs; used to secure and make payments on a new school facilities bond; or saved in a reserve account by the school district for future school facility needs. Uses of funds shall include regular and routine facilities maintenance, including preventive maintenance, building repairs, and building security, and periodic major facilities projects that involve planning, design, construction, renovation, retrofitting, and replac-

ing of buildings and building systems, components, and features, as well as site acquisition, site improvements, and new construction.

(3) The amount of moneys received by a school district pursuant to this section must be deducted from a school levy that would otherwise have been paid by property taxpayers. Such moneys may not be duplicated by the collection of property tax, and no property taxes may be collected in order to make extra payments on expenses described in subsection (2) of this section in excess of required amounts.

- (4) Each school district shall identify the amount received in the current year pursuant to this section in the certification of its budget in accordance with section 63-803, Idaho Code. Said amount must be subtracted from the amount to be levied. The amount of moneys thereby saved from being collected by a property tax levy shall be reported on each property tax notice pursuant to section 63-902, Idaho Code.
- (5) Each school district shall report annually to the state department of education, in a manner prescribed by it, on the expenditure of moneys it has received pursuant to this section. The state department of education shall present the reports to the legislature each January.
- (6) For the purposes of this section, the Idaho school for the deaf and the blind shall be considered a school district and shall receive a distribution based on the average daily attendance of the school.
 - (7) (a) For state fiscal years 2025 and 2026 only, any school district that would have received support from the bond levy equalization support program for a qualified bond passed prior to January 1, 2024, and for which property taxes were levied in property tax year 2024 2023 pursuant to the amount intended by the bond shall receive a distribution of funds from the distribution provided under subsection (2) of this section of at least as much as would have been provided through bond levy equalization support on July 1, 2024.
 - (b) For state fiscal year 2026 only, any school district that would have received support from the bond levy equalization support program for a qualified bond passed prior to January 1, 2024, and for which property taxes were levied in property tax year 2024 pursuant to the amount intended by the bond shall receive a distribution of funds from the distribution provided under subsection (2) of this section of at least as much as would have been provided through bond levy equalization support on July 1, 2025.
 - (c) The state department of education may adjust distributions for remaining districts proportionally as necessary pursuant to this paragraph. On and after July 1, 2024, school districts may use funds provided in this section and section 33-913, Idaho Code, to offset the bond levy equalization support.
- SECTION 3. That Section 33-916, Idaho Code, as added by Section 18 of House Bill No. 521, if enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:
- 33-916. ELIGIBILITY OF SCHOOL DISTRICTS FOR SCHOOL MODERNIZATION FA-CILITIES FUND DISTRIBUTIONS. The state department of education shall not approve school district requests for annualized distributions or for distri-

bution from the applicable bond proceeds until the following conditions are satisfied:

- (1) The school district has submitted a ten (10) year facilities plan in accordance with provisions of section 33-918, Idaho Code;
- (2) The school district attests that if it operated on a five (5) day school week during fiscal year 2024, it will not convert to a four (4) day school week during the period for which the school district has elected to receive funding from the school modernization facilities fund. If the school district does convert from a five (5) day school week to a four (4) day school week or if it operated on a four (4) day school week during fiscal year 2024, it must attest that it meets the minimum contract days and minimum student instructional day or hour requirements of the state board of education, which requirements shall be implemented adopted no later than August 1, 2024, and implemented no sooner than July 1, 2025. The state board of education may phase in such requirements over a multi-year period; and
- (3) The school district attests compliance with the dignity and nondiscrimination in public education requirements specified in section 33-138, Idaho Code, and further attests that the school district does not require job applicants to sign written diversity statements.
- SECTION 4. That Section 33-917, Idaho Code, as added by Section 19 of House Bill No. 521, if enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:
- 33-917. SCHOOL DISTRICT USE OF FUNDS -- SCHOOL MODERNIZATION FACILITIES FUND.
 - (1) (a) Moneys distributed to a school district shall be used for school facility construction, renovation, or maintenance needs or, in the case of school districts electing annualized distributions, funds shall be used subject to section 33-911, Idaho Code. Uses of funds shall include regular and routine facilities maintenance, including preventive maintenance, building repairs, and building security, and shall also include periodic major facilities projects that involve planning, design, construction, renovation, retrofitting, and replacing of buildings and building systems, components, and features, as well as site acquisition, site improvements, and new construction.
 - (b) Any funds distributed by the state to school districts for facilities must be used only for the purposes described in this subsection. Any funds intended for facilities but used for another purpose shall be returned to the state by the school district and deposited to the state general fund school modernization facilities fund. If the school district fails to return such funds, an amount equivalent to the misused funds shall be deducted from the state's next payment to the school district pursuant to this chapter or chapter 52, title 33, Idaho Code.
- (2) All funds shall be used for school facilities directly related to the school district's core educational mission. No funds shall be used for facilities with a primary athletic purpose.
- (3) Each school district shall annually report to the state department of education, in a manner prescribed by the state department of education, on

the planned and actual expenditure of moneys it has received pursuant to this section.

- (4) A model school facility council shall be created by July 1, 2024, to research, adopt, and recommend a model school facility plan that schools shall abide by when using school modernization facilities fund moneys pursuant to the plan adopted in paragraph (c) of this subsection. The council shall:
 - (a) Be chaired by the executive director of the office of the state board of education, with administrative support provided by the office of the state board of education;
 - (b) Consist of nine (9) members, with three (3) members appointed by the governor, three (3) members appointed by the speaker of the house of representatives, and three (3) members appointed by the president protempore of the senate; and
 - (c) Adopt a model school facility plan and submit it to the legislature by July 1, 2026, that:
 - (i) Outlines a clear plan for school facility construction, including standardization for elementary schools, middle schools, and high schools;
 - (ii) Considers potential variability of school properties, objectives, and goals; and
 - (iii) Consults all necessary experts to develop a thorough plan for school facilities to guide the use of funds from the school modernization facilities fund.
- SECTION 5. That Section 33-5207, Idaho Code, as added by Section 23 of House Bill No. 422, as enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:
- 33-5207. PUBLIC CHARTER SCHOOL FINANCIAL SUPPORT. (1) Except as otherwise provided for in this section, the state department of education shall make the following apportionment to each charter school for each fiscal year based on attendance figures submitted in a manner and time as required by the state department of education.
- (2) Per student support. Computation of support units for each public charter school shall be calculated as if it were a separate school according to the schedules in section 33-1002(4), Idaho Code, except that public charter schools with fewer than one hundred (100) secondary ADA shall use a divisor of twelve (12) and the minimum units shall not apply. No public charter school shall receive an increase in support units that exceeds the support units it received in the prior year by more than forty (40), except in cases of state declared emergencies that have been approved by the authorizer as having an impact on public education. Funding from the state educational support program shall be equal to the total distribution factor, plus the salary-based apportionment provided in chapter 10, title 33, Idaho Code. Provided, however, any public charter school that is formed by the conversion of an existing traditional public school shall be assigned divisors, pursuant to section 33-1002, Idaho Code, that are no lower than the divisors of the school district in which the traditional public school is located, for each category of pupils listed.

- (3) Special education. For each student enrolled in the public charter school who is entitled to special education services, the public charter school shall receive the state and federal funds from the exceptional child education program for that student that would have been apportioned to the school district in which the public charter school is located.
- (4) Alternative school support. Public charter schools may qualify under the provisions of sections 33-1002 and 33-1002C, Idaho Code, provided the public charter school meets the necessary statutory requirements and students qualify for attendance at an alternative school as provided by rule of the state board of education.
- (5) Transportation support. Support shall be paid to the public charter school as provided in chapter 15, title 33, Idaho Code, and section 33-1006, Idaho Code. Each public charter school shall furnish the department with an enrollment count as of the first Friday in November of public charter school students who are eligible for reimbursement of transportation costs under the provisions of this subsection and who reside more than one and one-half (1 1/2) miles from the school. The state department of education is authorized to include in the annual appropriation to the charter school sixty percent (60%) of the estimated transportation cost. The final appropriation payment in July shall reflect reimbursements of actual costs pursuant to section 33-1006, Idaho Code. To be eligible for state reimbursement under the provisions of section 33-1006, Idaho Code, the student to be transported must reside within the public charter school's primary attendance area and must meet at least one (1) of the following criteria:
 - (a) The student resides within the school district in which the public charter school is physically located; or
 - (b) The student resides within fifteen (15) miles by road of the public charter school. The limitations placed by this subsection on the reimbursement of transportation costs for certain students shall not apply to public virtual schools.
 - (6) Facilities funds.

The state department of education shall distribute facilities funds to public charter schools for each enrolled student in which a majority of the student's instruction is received at a physical facility that is owned or leased by the public charter school. Such funds shall be used to defray the costs associated with payments for real property used by the students or employees of the public charter school for educational or administrative purposes. Such funds shall be distributed from the moneys appropriated to the educational support program and shall be calculated as fifty percent (50%) of the statewide average amount of bond and plant facility funds levied per student by Idaho school districts at four hundred dollars (\$400) per attending student pursuant to section 33-1003A, Idaho Code. For the purposes of this paragraph, beginning in state fiscal year 2025, "attending student" means each student in average daily attendance in kindergarten through grade 12 at such physical charter school facilities where the student is enrolled; except that, upon formal approval by the state board of education, a charter school may receive an exemption to the physical facility requirement pursuant to the provisions of this paragraph if the student would have attended a physical facility if not for a stated emergency.

- For those public charter schools that do not receive facilities funds for all enrolled students, the school may submit to the state department of education a reimbursement claim for any costs for which facilities funds may be used. The state department of education shall reduce such claim by the greater of fifty percent (50%) or the percentage of the school's enrolled students for which the school receives facilities funds and shall pay the balance. Provided, however, that the total reimbursements paid to a public charter school, in combination with any facilities stipend received by the school, shall not exceed the amount of facilities funds that would have been received by the school had the school received facilities funds for all enrolled students in average daily attendance pursuant to section 33-1003A, Idaho Code. purposes of this subsection, the term "real property" shall be used as defined in section 63-201, Idaho Code. A virtual public charter school authorized by the public charter school commission or authorized by a public school district on or after March 1, 2024, shall not be eligible for funds appropriated pursuant to the provisions of this subsection.
- (7) Payment schedule. The state department of education is authorized to make an advance payment of twenty-five percent (25%) of a public charter school's estimated annual apportionment for its first year of operation, and each year thereafter, provided the public charter school is serving more grades or at least ten percent (10%) more classes than the previous year, to assist the school with initial start-up costs or payroll obligations. For a public charter school entering at least its second year of operation, the state department of education may require documentation establishing the need for such an advance payment, including comparative class schedules and proof of a commensurate increase in the number of employees.
 - (a) For a public charter school to receive the advance payment, the school shall submit its anticipated fall membership for each grade level to the state department of education by June 1.
 - (b) Using the figures provided by the public charter school, the state department of education shall determine an estimated annual apportionment from which the amount of the advance payment shall be calculated. Advance payment shall be made to the school on or after July 1 but no later than July 31.
 - (c) All subsequent payments, taking into account the onetime advance payment made for the first year of operation, shall be made to the public charter school in the same manner as other traditional public schools in accordance with the provisions of section 33-1009, Idaho Code. A public charter school shall comply with all applicable fiscal requirements of law, except that the following provisions shall not be applicable to public charter schools: that portion of section 33-1004, Idaho Code, relating to reduction of the administrative and instructional staff allowance and the pupil service staff allowance when there is a discrepancy between the number allowed and the number actually employed; and section 33-1004E, Idaho Code, for calculation of district staff indices.
- (8) If an authorizer has reason to believe that a public charter school cannot remain fiscally sound for the remainder of its certificate term, it shall provide the state department of education with written notification of

such concern. Upon receiving such notification, the state department of education shall have the authority to modify the percentage of the total appropriation to be paid to the public charter school pursuant to the provisions of section 33-1009 1., Idaho Code, such that equal percentages are paid on each of the prescribed dates.

- (9) Each public charter school shall pay an authorizer fee to its authorizer, not to initially exceed twenty thousand dollars (\$20,000), or, in the case of existing charter schools, up to a five-percent (5%) increase of the previous year's fee. Authorizers shall annually set the authorizer's fee and in doing so shall document the fees to actual expenditures associated with authorizing.
 - (10) Nothing in this chapter shall prevent a public charter school from:
 - (a) Applying for federal grant moneys or for career technical education funding of any source; or
 - (b) Receiving funding or other financial assistance for the establishment or operation of a public charter school from any private person or organization.
- (11) Each student in attendance at a public virtual school shall be funded based on either the actual hours of attendance in the public virtual school on a flexible schedule or the percentage of coursework completed, whichever is more advantageous to the school, up to the maximum of one (1) full-time equivalent student.
- (12) All federal educational funds shall be administered and distributed to public charter schools, including public virtual schools, that have been designated as a local education agency (LEA), as provided in section 33-5203, Idaho Code.
- (13) Nothing in this section prohibits separate face-to-face learning activities or services. In order to be eligible for career technical education essential components funding, virtual schools may be required to offer some face-to-face instruction in order to meet industry standards, licensing requirements, work-based learning requirements, or other requirements set forth by law.
- (14) The provisions of section 33-1021, Idaho Code, shall apply to public charter schools provided for in this chapter.
- SECTION 6. That Section 33-5209A, Idaho Code, as added by Section 26 of House Bill No. 422, as enacted by the Second Regular Session of the Sixty-seventh Idaho Legislature, be, and the same is hereby amended to read as follows:
- 33-5209A. CHARTER RENEWALS. (1) A charter may be renewed for successive terms. An authorizer may grant renewal with specific written conditions for necessary improvements to a public charter school and a date by which the conditions must be met.
- (2) No later than September 1, the authorizer shall issue a public charter school performance report and charter renewal application guidance to any charter holder with a public charter school whose charter will expire the following year. The performance report shall summarize the public charter school's performance record to date, based on the performance certificate, and shall provide notice of any weaknesses or concerns that may jeopardize renewal, if not timely rectified. The charter holder shall have thirty (30)

days to respond to the performance report and submit any corrections or clarifications for the report.

- (3) The renewal application guidance shall, at a minimum, provide an opportunity for the charter holder to:
 - (a) Present additional evidence, beyond the data contained in the performance report, supporting its case for charter renewal; and
 - (b) Describe improvements undertaken or planned for the school.
- (4) The renewal application guidance shall include or refer explicitly to the criteria that will guide the authorizer's renewal decisions, which shall be based on independent fiscal audits and the performance framework set forth in the performance certificate.
- (5) No later than December 15, the charter holder seeking renewal shall submit a renewal application to the authorizer pursuant to the renewal application guidance issued by the authorizer. The authorizer shall vote on the renewal application no later than March 15; if the authorizer does not vote by March 15, the application shall be deemed approved.
 - (6) In making charter renewal decisions, every authorizer shall:
 - (a) Ground its decisions in evidence of the school's performance over the term of the performance certificate;
 - (b) Ensure that data used in making renewal decisions are available to the school and the public;
 - (c) Take into consideration the actual and potential at-risk and economically disadvantaged makeup of the student body population as defined in section 33-1001, Idaho Code, for all grade levels;
 - (d) Provide a public report summarizing the evidence basis for each decision.
- (7) An authorizer shall renew any charter in which the public charter school met all of the terms of its performance certificate at the time of renewal for a term of twelve (12) years or, in the case of a pilot charter, a renewal term of six (6) years. An authorizer may renew for a six (6) year term or choose not to renew any charter in which the public charter school failed to meet one (1) or more of the terms of its performance certificate.
- (8) If an authorizer takes no action on a renewal, the charter shall be provisionally renewed until such time as the chartering entity takes action.
- (9) (8) A decision not to renew a charter or to deny a revision of a charter may be appealed to the office of administrative hearings and is subject to judicial review as a contested case as set forth in chapter 52, title 67, Idaho Code.
- SECTION 7. An emergency existing therefor, which emergency is hereby declared to exist, Sections 5 and 6 of this act shall be in full force and effect on and after passage and approval, and Sections 1 through 4 of this act shall be in full force and effect on and after July 1, 2024.