

MINUTES
SENATE EDUCATION COMMITTEE

- DATE:** Tuesday, January 17, 2023
- TIME:** 3:00 P.M.
- PLACE:** Room WW55
- MEMBERS PRESENT:** Chairman Lent, Vice Chairman Toews, Senators Nichols, Carlson, Herndon, Lenney, Ward-Engelking, and Semmelroth
- ABSENT/ EXCUSED:** Senator Den Hartog
- 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 Lent** called the meeting of the Senate Education Committee (Committee) to order at 3:01 p.m.
- WELCOME:** **Chairman Lent** welcomed guests and visitors.
- PRESENTATION:** **School Finance 101. Gideon Tolman**, Chief Financial Officer, Idaho State Department of Education (ISDE), gave a brief introduction of his experience to the Committee. **Mr. Tolman** introduced Julie Oberle, Chief Financial Officer, ISDE, and provided a brief overview of her role, along with her essential expertise on ISDE budgets. **Mr. Tolman** stated Ms. Oberle oversaw the daily activity of public school finances. He gave a broad overview of the public schools budgets, funding, and how the processes worked together.
- Mr. Tolman** provided an overview of the ISDE members, roles, and jurisdiction. **Mr. Tolman** also introduced the Accounting Director for ISDE, Carie Ernst. He noted Ms. Ernst's team handled the accounting process through the State Controller's Office. There were seven budgets that made up the public schools appropriation. He explained these budgets consisted of funding related to superintendents, principals, charter school administrators, and board member training. The Teachers Division consisted of funding for professional development, instructional, and pupil service staff. The Operations Division provided funding to operate schools, such as transportation, technology, and classified staff. Children's Programs funding was utilized for Advanced Opportunities, literacy proficiency, and curriculum content. The Facilities Division operated school facilities. The Central Services Division provided funding for the State Department of Education, on behalf of the schools. The Educational Services served the deaf and blind, hard-of-hearing or visually-impaired students. **Mr. Tolman** noted the handout (Attachment 1) also included pertinent information to the staff and funding that assisted the schools in implementation. The goal was to provide information and support to families, students, and educators across the State, along with the Legislature, elected officials, and stakeholders related to Kindergarten through Twelve (K-12) public education. The public school's budget was \$2.3 billion, which made up approximately half of Idaho's General Fund.
- Mr. Tolman** gave an overview of how support units were allocated to the classroom. He provided the Committee with a quick overview of the Legislative Budget books.

DISCUSSION: **Chairman Lent** suggested Mr. Tolman explain how the budget process flowed. **Mr. Tolman** pointed to line one of the Legislative budget book. He noted the first column represented the Joint-Finance Appropriation Committee (JFAC) 2023 appropriation, which was what the schools were working with the current year. Second, in next column, the Fiscal Year (FY) 2024 request was put forth by Superintendent Critchfield. Third, the next column was the Governor's recommended budget. Under Transportation, the schools were currently working with \$98.5 million. Superintendent Critchfield requested \$108.4 million and the Governor recommended \$100.3 million. This captured the categories of the current budget, next year's request, and the Governor's recommendation.

Senator Herndon questioned Mr. Tolman on how the State provided funding for new facilities of remodels versus what other funding sources the districts had available. **Mr. Tolman** deferred to Julie Oberle for this question.

Ms. Oberle explained at length there were several different buckets that were utilized for funding facilities. First would be lottery dollars, which three-eighths (3/8) of the dividends were distributed to school districts and charter schools for facilities, and repairs and maintenance of student occupied buildings. Thirty-one million dollars was distributed this year to all school districts and charter schools. Charter schools received roughly \$10 million, which was calculated by a funding formula based on enrollment. Bond levy equalization was utilized by school districts only and was derived by Idaho Code. In 2023 there was \$25.5 million appropriated, which was short by \$400,000. To cover those costs, the Public Education Stabilization Fund (PESF) was tapped. School districts that passed a bond were eligible to receive this funding. These monies were called taxpayer relief funds. When the funds were distributed they were utilized for facilities. Taxpayers were levied much less for the current bond, so the taxpayer paid a lesser amount of property tax to service the debt. Public school districts pass bonds, Charter Schools cannot pass bonds. Once a school district passed a bond, the ISDE worked closely with the bond companies determining payment schedules, per Idaho Code § 33-906. Roughly 55-60 school districts had eligible bonds and received monies on September 1. The ISDE also considered taking into account the viability of the district to repay, utilizing the bond levy evaluation index.

Chairman Lent inquired what "tap piece" represented. **Ms. Oberle** explained what Public Education Stabilization Fund (PESF) was and how distribution of funds were handled.

Senator Herndon noted that federal funds had significantly dropped from fiscal year to fiscal year. He asked if Ms. Oberle could provide what the funding was moving forward and the source of those funds. **Ms. Oberle** responded that she handled public school finance, not federal funds. **Mr. Tolman** noted that many of those funds were COVID-19 related, which were expended, thus a decrease was shown. The last of the COVID-19 funds would be expended September 30, 2025. **Senator Herndon** responded that a House bill, passed in September, allocated \$410 million. He asked for an explanation of where these numbers appeared. **Mr. Tolman** noted the budget numbers appeared in the Governor's Office budget presentation.

Senator Ward-Engelking queried if the Bond Equalization Fund was a result of a Supreme Court decision on the way schools were funded. **Mr. Tolman** stated he would provide more information at a later date.

PRESENTATION: Public Charter Schools. Terry Ryan, CEO, Bluum Technology, gave a quick historical overview of public Charter Schools in Idaho, the roll of Bluum, along with an in-depth slide show of how Charter Schools operated and were funded, and Title One, and educational outcomes (Attachment 2).

DISCUSSION: Chairman Lent, asked for an explanation of Title One. Mr. Ryan responded that Title One dollars were allocated based on free and reduced price lunch. Those were federal funds for students that were served below the threshold which was around 180 percent and helped serve needier students. Monies were provided to schools to build kitchens, bussing, and meals.

Chairman Lent requested Mr. Ryan highlight a couple of outstanding contributions that had been made in the State through Charter Schools, along with a couple of challenges that Charter Schools were facing. Mr. Ryan pointed to Elevate Academy Technical Charter School located in Caldwell. They serve 100 percent at risk students. The program was designed to define success for young adults by preparing them for jobs and getting jobs when schooling was completed. These students had not been successful in traditional school settings. This school model was now open in Nampa and Post Falls. A new school was slated to open in 2025 in Idaho Falls. Gem Innovation Schools, started out on-line, had six brick-and-mortar schools, and served 602 students per building. Homeschooled kids were now offered learning societies. He noted a major challenge being faced by some schools was budgeting.

Senator Lenney queried if Mr. Ryan supported the expansion of school choice through an education savings account. If not, did he support religious charter schools and were there religious charter schools. Mr. Ryan affirmed he believed in school choice in all forms, along with various ways of providing education. He recommended start small, focus on the neediest students first. He noted that school choice, especially vouchers, had been very controversial in K-12 education. Religious higher education utilized public dollars, with very little controversy.

Vice Chairman Toews, asked for clarification on tracking student proficiency before and after the student had entered a charter school and what was the funding per student in a charter school compared to public school. The methodology, comparing "apples to apples" was currently not available in the State of Idaho. Mr. Ryan responded that Bluum was interested in discussing this further. Vice Chairman Toews queried if the formula was base funds per student, number of students served, and were special needs factors in the equation.

Senator Nichols noted the first Charter School opened in 1988, with between 350-400 students. Senator Nichols inquired what percentage of Charter Schools actually failed in the State of Idaho. Mr. Ryan replied 10, including schools that were supposed to open but never did. Senator Nichols asked if Charter Schools had created healthy competition for public schools. Mr. Ryan stated, absolutely. Senator Ward-Engleking queried what amount the State funded Charter Schools received versus traditional school students. Mr. Ryan answered roughly the same, about \$9,141 per pupil, due to the ability of public schools to pass levies. This created inequities between the Charter Schools and the districts.

Senator Ward-Engelking commented that if districts had not been able to pass levies, they were in the same boat as Charter Schools who received higher funding from the State Charter Schools were not able to run levies or bonds. Some traditional schools were unable to pass a levy, so were at a similar disadvantage as Charter Schools. Mr. Ryan replied that there was a vast spectrum between schools receiving the most public support and least public support.

PRESENTATION: Charter Schools, State Comparisons. **Matthew Joseph**, Senior Policy Advisor, Excel in Ed, a national non-profit organization, covered a range of State issues on K-12 education. He noted the mission was to support policy makers on how to improve the quality of education in their states. He provided an overview of a case study performed related to Charter Schools in Idaho. **Mr. Joseph** reported how the revenue income stream between traditional districts and charter schools differed.

DISCUSSION: **Senator Ward-Engelking** suggested that a similar study be done for the traditional public schools in Idaho. She cited the results of a study performed this year by the Office of Performance Evaluations (OPE) this past year showed there was \$867 million dollars in deferred maintenance required to bring traditional public schools up to a good rating.

TESTIMONY: **Chairman Lent** inquired if there was anyone in the audience today who could elaborate on the three types of bonds that school districts levy. **Andy Grover** former School Superintendent, gave a brief overview of his experience. **Mr. Grover** explained supplemental levies, plant facility levies for buildings and upkeep and bonds. A bond was the hardest to run, which must pass with a super majority at 66.6 percent. **Chairman Lent** noted that the pass rate of bonds over the last few years had been about 49 percent. The cost per square foot of building facilities was so expensive, the majority of districts did not have the bond capacity. For example, a bond for a new school in Melba was \$9 million six years ago. He stated that same new building today would run between \$21 million and \$25 million. A community with ample amount of businesses and residential wealth had a larger bonding capacity. In large populated districts, the cost could be spread out, reducing the financial impact to residents.

ADJOURNED: There being no further business at this time, **Chairman Lent** adjourned the meeting at 4:30 p.m.

Senator Lent
Chair

Linette Grantham
Secretary

Ann Yanak
Assistant Secretary