

MINUTES
SENATE EDUCATION COMMITTEE

DATE: Thursday, February 16, 2023

TIME: 3:00 P.M.

PLACE: Room WW55

MEMBERS PRESENT: Chairman Lent, Vice Chairman Toews, Senators Den Hartog, Nichols, Carlson, Herndon, Lenney, Ward-Engelking, and Semmelroth

**ABSENT/
EXCUSED:** None

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 Senate Education Committee (Committee) to order at 3:04 p.m.

MOTION: **Chairman Lent** asked for unanimous consent to defer the Gubernatorial Appointment of Karen Echeverria to the Public Charter School Commission to a later date. There were no objections.

GUBERNATORIAL REAPPOINTMENT: **Committee Consideration of the Gubernatorial Reappointment of David Hill, to the State Board of Education (SBE)** of Boise, Idaho, for a term commencing July 1, 2022 and expiring July 1, 2027. Mr. Hill gave an overview of his background and outlined a few future goals for serving another term on the SBE. This included improving the Online Idaho program and continuing to support accessibility and affordability for higher education in Idaho.

DISCUSSION: **Senator Lenney** asked how the SBE handled the COVID-19 pandemic through the Idaho State Plan for the American Rescue Plan Elementary and Secondary School (ARPA) and if the SBE would continue to advocate for social justice and anti-racism for Idaho students, which was included in the ARPA. **Mr. Hill** reported the SBE did not feel comfortable implementing a one-size-fits-all policy for Idaho schools when it came to handling the COVID-19 pandemic. Rather, the SBE allowed local health authorities to work alongside each school to determine what was an appropriate policy for handling the pandemic. **Mr. Hill** relayed he was unaware of the social justice advocacy included in the ARPA.

Senator Nichols inquired what the SBE's role was in deciding bathroom policy in Idaho schools. **Mr. Hill** highlighted the SBE did not have a direct role in deciding these policies. He believed that these kinds of policies should be decided by local school boards as a one-size-fits-all approach to this issue would not work for the State of Idaho.

Senator Herndon asked how the SBE had been offering guidance to schools concerning controversial topics in education. **Mr. Hill** explained the SBE first assessed the topic and determined if there was a real problem rather than a perceived problem. A real problem would require the SBE to give institutions a framework on how to handle the issue, while with a perceived problem, the SBE would work with institutions to inform the public.

Senator Ward-Engelking asked Mr. Hill if he was aware of the investigation

into the University of Idaho's perceived promotion of critical race theory. **Mr. Hill** stated he was aware of that investigation and said that it was a good example of a perceived problem the SBE had dealt with.

Senator Carlson asked Mr. Hill if he had any reservations about **S 1038** and if the SBE was willing to work together to figure out how to implement the bill if it passed. **Mr. Hill** responded he did have some reservations with the accountability aspects of the bill, but that the SBE would work with the Legislature if the bill passed.

Senator Nichols asked what kind of relationship the SBE had with national organizations that promoted controversial education issues. **Mr. Hill** commented the SBE had no relationship with these kinds of national organizations and took no direction from them.

S 1042

Education - Amends existing law to exempt certain public charter schools from having to demonstrate strong academic results to qualify for the Public Charter School Facilities Program and to revise a limitation on issuing bonds under the Public Charter School Facilities Program. **Senator Den Hartog** explained this proposed legislation modified an existing section of Idaho Code relating to the Charter School Credit Enhancement Program (Program). The first change would involve doubling the financing cap for qualified public charter schools so that more public charter schools were allowed to participate in the Program. The second change would add an exemption for public charter schools that did not meet the Idaho Standards Achievement Test requirements for qualification, but whose enrollment was comprised of 100 percent at-risk students. **Senator Den Hartog** asked the Committee to send the bill to the 14th Order of Business for possible amendment so suggestions from State Treasurer Julie Ellsworth with regards to the funding formula could be incorporated into the bill. Specifically, the potential amendments would set a fixed date for when the funding formula would calculate the number of students in each school.

TESTIMONY:

The following testified in support of the bill: **Terry Ryan**, Bluum; **Blake Youde**, Idaho Charter School Network; **Andy Johnson**, Executive Director, Sage International Network of Schools; and, **C.J. Watson**, Principal, Elevate Academy of Caldwell. Comments from those who testified in support included: the high standards for qualification into the Program would protect taxpayer dollars; high-performing charter schools that qualified for the program would be able to save money on operational costs; more high performing charter schools could take advantage of the Program with the increased financing cap; schools that had a 100 percent at-risk student body would be able to participate in the program.

DISCUSSION:

Senator Herndon asked for clarification on the amount of total financing that was currently available to public charter schools and how that number was calculated. **Senator Den Hartog** responded the total financing available to public charter schools was \$123 million and explained it was calculated through the formula that was written into Idaho Code.

Senator Semmelroth asked Senator Den Hartog if she could explain the importance of accountability when considering charter school funding that used taxpayer dollars. **Senator Den Hartog** explained the State of Idaho was taking on a moral obligation to repay a bond that would be funded by taxpayer dollars. These tax dollars needed to be used to assist high-performing schools that were unlikely to fail.

MOTION: **Senator Nichols** moved to send **S 1042** to the 14th Order of Business for possible amendment. **Vice Chairman Toews** seconded the motion. The motion carried by a **voice vote**.

S 1043 **Charter Schools - Repeals and adds to existing law to remove the Public Charter School Debt Reserve Fund (Fund) to provide for a revolving loan fund.** **Senator Den Hartog** presented the potential legislation as a financing tool for qualifying new charter schools. **S 1043** created a revolving loan fund that new charter schools could take advantage of to help cover initial facilities costs and other expenses. Each qualified school could borrow up to \$2.5 million and had five years to repay the loan at zero percent interest. **Senator Den Hartog** explained the revolving loan fund saved new charter schools money because it reduced the amount of money each school had to borrow from the commercial market at market interest rates. The loan fund required a one-time expenditure of \$50 million from the State.

Emily McClure, Idaho Charter School Network, went through the bill section-by-section for the Committee and what sections of Idaho Code were changed or removed. Section one of the bill repealed Idaho Code § 33-5217, the Fund. She explained section two established the revolving loan fund, Idaho Housing and Finance Association's (IHFA) role in distributing the loans, and setting clear requirements for charter schools to be eligible for the program.

DISCUSSION: **Senator Herndon** asked if the current Fund had any funds in it. **Ms. McClure** answered there was around \$700,000 in the Fund. **Senator Herndon** asked if Ms. McClure could describe what the IHFA was, their role in **S 1043**, and if they had any sort of competitor. **Ms. McClure** explained the IHFA was the entity responsible for issuing bonds for public charter schools and that there was no other entity that could do what the IHFA did.

Senator Semmelroth inquired why Idaho Code § 33-5217 Section 2.b.3 would be removed if **S 1043** was signed into law. **Ms. McClure** remarked this section of Idaho Code included financial qualifications that were unrealistic for new or young charter schools to attain.

TESTIMONY: The following testified in support of the bill: **Anthony Haskett**, Executive Director, Mosaic Public School; **Blake Youde**, Idaho Charter School Network; **Vincent Kane**, Principal, Novis Classical School; **Brandon Durst**, Idaho Freedom Action (IFA); and, **Marc Carignan**, Idaho Charter School Network. Comments from those who testified in support included: the bill would save new and young charter schools thousands of dollars and would make these schools less dependent on loans from the commercial market; new charter schools would have an easier time acquiring a facility; with more charter schools potentially allowed to open, and the bill would create more educational choices for Idaho.

DISCUSSION:

Senator Herndon asked Mr. Youde to clarify how much a charter school had to borrow if the bill was passed compared to the current moment. **Mr. Youde** explained charter schools would have more initial funds if the bill became law. The more money a charter school had starting meant the less money a charter school needed to borrow from a commercial lender.

Senator Ward Engelking asked Mr. Youde which lender position the State of Idaho would be in this program. **Mr. Youde** stated that the State of Idaho would take the second lender position.

Senator Herndon asked Mr. Durst if he could explain how IHFA was audited and regulated. **Mr. Durst** explained that the IHFA was not a state agency and so the amount of oversight the Idaho Legislature had was minimal.

Senator Lenney asked Senator Den Hartog if the concept of **S 1043** was already presented in a previous legislative session. **Senator Den Hartog** responded the concept was introduced last legislative session, but did not make it out of the Committee. **Senator Lenney** asked Senator Den Hartog why people might be opposed to this kind of bill. **Senator Den Hartog** recounted when this bill failed the last legislative session, there were concerns about the State of Idaho taking on too much risk with the money being lent out. **Senator Ward-Engelking** remarked there was frustration over not providing a similar mechanism for public schools and not allowing them to opt into the loan fund.

Senator Ward-Engelking asked Mr. Carignan if receiving loans from philanthropic lenders was still an option for charter schools and, if so, why this bill was necessary. **Mr. Carignan** explained philanthropic lenders, like the Albertson's Foundation, were still an option for charter schools but this bill provided even more support for charter schools, especially those who could not access a philanthropic loan. **Vice Chairman Toews** asked Mr. Carignan if he believed the requirements for the loans were high enough and if he believed there was a significant risk for the State in distributing these loans. **Mr. Carignan** emphasized the requirements were very high and he did not foresee the State being at significant risk.

Senator Herndon asked Senator Den Hartog if she thought it was necessary to have a cross-reference to the IHFA as a creation of Title 67 of Idaho Code in the bill. **Senator Den Hartog** did not believe this was necessary. **Senator Herndon** commented he believed a cross-reference to Title 67 would be helpful for legislators that would try to evaluate this bill.

Senator Semmelroth asked Senator Den Hartog what circumstances would lead to an increase in the total money available in the revolving loan fund. **Senator Den Hartog** disclosed she could only foresee this happening if there was an overwhelming demand from qualifying schools on the revolving loan fund. If this was the case, then there would need to be a request to the Joint-Finance and Appropriations Committee to put additional funds into the revolving loan fund. **Senator Semmelroth** appreciated how fiscally responsible the bill was and the accountability measures that were worked into the bill.

Senator Den Hartog commented she appreciated Senator Ward-Engelking's remarks that spoke to the Committee's hesitation for passing this bill last session. She mentioned that there was no possible way to include public schools in this legislation to receive funding, but she was willing to support

new ways of financing public schools. **Senator Ward-Engelking** echoed Senator Den Hartog's support for finding new ways to fund traditional public schools and emphasized the need to better support traditional public schools.

MOTION:

Senator Herndon moved to send **S 1043** to the floor with a **do pass** recommendation. **Senator Nichols** seconded the motion. The motion carried by a **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairmen Lent** adjourned the meeting at 4:34 p.m.

Senator Lent
Chair

Linette Grantham
Secretary

Tyler Allen
Assistant Secretary