

MINUTES
Approved by the Committee
Funding Construction of Public Schools
Tuesday, November 22, 2022
2:30 P.M.
Room EW42
Boise, Idaho

Members in attendance: Cochairs Senator Dave Lent and Representative Jason Monks; Senators Lori Den Hartog, Kevin Cook, Jeff Agenbroad, and Janie Ward-Engelking; Representatives Julie Yamamoto, Matthew Bundy, and Sally Toone. Absent/excused: Representative Paul Amador. Legislative Services Office (LSO) staff in attendance: Trevor Ahrens, Jared Tatro, and Grace King.

Note: Presentations and handouts provided by the presenters/speakers are posted to the Idaho Legislature's website <https://legislature.idaho.gov/sessioninfo/2022/interim> and copies of those items are on file at the Legislative Services Office in the State Capitol. Recordings of the meeting may be available under the committee's listing on the website.

Cochair Monks called the meeting to order at 2:33 p.m.; a silent roll call was taken.

Opening Remarks

Cochair Monks requested a motion for the minutes. **Representative Yamamoto moved to approve the November 10, 2022, minutes. Representative Toone seconded the motion and the minutes were approved by voice vote.**

Impact Fees for School Districts

Cochair Lent requested that discussion of impact fees for school districts be struck from the agenda because the idea was not ready for committee discussion at that time. **Cochair Monks asked for unanimous consent to remove the Impact Fees for School Districts presentation from the agenda. Without objection, it was so ordered.**

Standardized Building Designs

Cochair Monks invited Amber Van Ocker, partner at LKV Architects, to give a presentation regarding standardized building designs. Ms. Van Ocker provided information on the positives and negatives of using standard designs, the process of using a standard design, and which school districts had utilized this approach.

- Senator Cook asked if the state could buy the rights to an architectural plan and distribute it to the school districts. Ms. Van Ocker explained that the process of purchasing the rights to a plan is different between corporate and public entities and that the state would have to identify a division or agency to oversee the use of an architectural plan and the compensation to the original architect. She further explained that state and local entities require an architect to oversee the licensing process for each building. Senator Cook commented that one of Lewis and Clark State College's buildings was designed with the intention to add on to it at a later time. Ms. Van Ocker stated that designing buildings that way can be an efficient way to build new schools in growing areas.
- Senator Agenbroad asked how much of an architectural firm's fee goes to construction administration and oversight. Ms. Van Ocker responded that, depending on the firm, about

20-30% of the fee goes toward construction administration. Senator Agenbroad asked if construction administration fees would apply if a standardized plan was used. Ms. Van Ocker confirmed that the fees would still apply.

- Senator Lent asked about the Camas School District's bond. Ms. Van Ocker stated that the Camas School District had not run a bond yet but had contracted her firm to run a facilities analysis.

State Endowment Fund Utilization

Cochair Monks invited Senator Agenbroad to present the concept of utilizing the state's Endowment Fund. Senator Agenbroad detailed how the Endowment Fund could provide school districts and charter schools with funding for facility and capital improvement needs. He explained that distributions could be provided through a "guaranteed" revenue stream of \$40 million and an "additional" revenue stream of \$21 million. He added that the "guaranteed" revenue could be used toward a capital project bond or to pay off existing bonds, but the "additional" revenue stream could not be committed for bond payments beyond one year.

- Senator Ward-Engelking asked if charter schools and public schools would get equal funding from this program. Senator Agenbroad stated that he would like to include stakeholders in the discussion to ensure that this would be done in a fair manner. Senator Ward-Engelking wondered if the \$330 million passed in the 2022 extraordinary session could be accessed in time to establish this program. Senator Agenbroad and Cochair Monks confirmed that the funds would be accessible starting July 1, 2023. Senator Ward-Engelking expressed concern that this would not be enough to cover all of the deferred maintenance costs around the state and added that the surplus should be utilized to help cover those costs.
- Cochair Monks asked how this program would ensure that property tax relief would be provided to taxpayers. Senator Agenbroad responded that he expected property tax relief to come through the bonding process. Cochair Monks asked if this program would make it easier for a school district to pass a bond. Senator Agenbroad explained that a voter may be more inclined to pass a bond knowing that taxpayers would not carry the full burden of the payments but noted that a bond still needs to be passed by 67% of the voters. Cochair Monks wondered if \$61 million would be enough for the program. Senator Agenbroad stated that it would not be enough to solve the problem but it would be enough to make a difference.
- Senator Agenbroad commented that this program would allow school districts to utilize an ongoing revenue stream in a flexible manner.
- Representative Toone expressed concern about the distribution formula being based on enrollment because smaller school districts would have to wait longer in order to save enough to complete deferred maintenance projects. Senator Agenbroad proposed that a minimum amount could be set so that smaller school districts could still receive enough to make significant upgrades to their facilities.
- Senator Cook asked for clarification on what the \$40 million would be used for. Senator Agenbroad explained that the \$40 million would be distributed in the same way as the \$21 million and that the only difference is the \$40 million is a guaranteed amount each year, despite how the Endowment Fund preforms, and therefore can be used to bond against. Senator Cook asked if this program would have anything to do with the bond equalization program. Senator Agenbroad explained that the bond equalization program is based on economic need whereas this proposed program would be a consistent revenue stream based on enrollment.

Review of Committee Member Prioritization Sheets

Cochair Lent invited the committee members to share which topics they would like to prioritize.

- Representative Toone identified lowering the voter approval threshold for bonds and utilizing the Endowment Fund as her priorities.
- Senator Ward-Engelking listed using surplus and federal moneys in conjunction with the Endowment Fund. She added that charter schools and public schools needed to be treated equitably.
- Representative Bundy suggested lowering the voter approval threshold for bonds and stated that local industry could have an effect on facility funding because certain industries are willing to donate to schools to help fund career technical programs.
- Senator Den Hartog listed utilizing the Endowment Fund, finding a balance between local and state control, and standardized building designs.
- Senator Cook listed standardized building designs, utilizing the Endowment Fund, and balancing local and state control.
- Representative Yamamoto recommended using criteria for building designs instead of standardized building designs, utilizing the Endowment Fund, and creating a revolving loan fund.
- Cochair Lent listed the Endowment Fund, a revolving loan fund, and the Bond Equalization program.
- Cochair Monks listed the Endowment Fund, standardized building designs, and tax benefits for donations relating to school facilities.

After closing comments, the meeting was adjourned at 3:47 p.m.