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To: Sen. Gary Stevens; Sen. Mike Dunleavy; Sen. Bert Stedman; Sen. Charlie Huggins; Sen. Berta Gardner

Cc: Elisa Snelling; Sen. Anna Fairclough

Subject: Senate Bill 139

To the Honorable Members of the Alaska Senate Education Committee:

Our names are Elisa Snelling and Laura de Mander, and we are contacting you regarding charter school issues and specifically Rilke Schule German School of Arts and Sciences, the German immersion charter school in Anchorage. Elisa and I are the two most recent chairs of the Rilke Schule APC. Elisa also has spent a few years as treasurer. We have a deep understanding of the needs of charter schools and of Rilke Schule in particular. We know you spent time hearing from Joey Eski of Aquarian so we will try to avoid duplicating that effort as much as possible.

As the largest charter school in ASD we face the biggest facility challenge of any of the charter schools. We have spent the last several years in a building that is too small, not suited for our purpose, and is not ADA compliant. As a result, we have poured a great deal of our resources into creative solutions to find a way to have adequate classroom space for our kids--we have six portables (two of which have been provided by ASD), we have remodeled a floor of the rented building to make three classrooms into five classrooms, and next year we may end up housing two classes (an entire grade level) off campus because we are out of room. We have decided to build a school building utilizing a local contractor who assists one charter school a year in building a school--ours will be built the building season of 2015 for occupancy the 2015/2016 school year. One of the obstacles we face is budgetary in that we have to pay our lease out of our operating budget. Our operating budget constrains us to a lease payment in the approximately \$60,000 range. Criterion, the contractor, is leasing us the building for \$2.25 per square foot, which is well below market rate, but \$60,000 does not get us the size building we need given the other constraints on our budget.

We will have at least 460 kids next year, and the unique aspect of our charter school is that we only accept new students in kindergarten and the first quarter of first grade (unless the student is a fluent German speaker), so we have limited opportunities to grow our student population. Even with these limitations we have a wait list. We would like to admit more kindergartners each year, ideally four classes of 22, however due to the school size factor (AS 14.17.450), we have to control our growth so as to avoid ever crossing the 600 students threshold. More than 600 students results in diminishing returns to the point where it becomes more expensive to provide teachers and classroom space than the funding we receive for the additional students.

We have reviewed SBs 139, 147, 185, and 208, and see benefits to Rilke Schule in most of the bills.

SB 139 provides a much needed layer of due process to the charter school application process in Sec. 14.03.250 and 253, however we would like to see a charter school expert added to the Commissioner of Education's office to participate in this process and to provide support to existing charter schools. This position previously existed in ASD but was a victim of the budget cutting over the last couple of years. We also support the amendment to AS 14.03.260(a) contained in HB 278 providing for full funding to follow the student which should include any one time funding. However, it is unlikely in the foreseeable future that ASD will bond for construction of charter school facilities as they have no criteria for deciding which charter to bond for and has a neighborhood school bond priority list over a decade long. We believe an amendment to AS 14.11 providing for CIPs for charter school construction without a required contribution from the district or significant contribution from the charter school is needed. The amount available for CIPs needs to be significant and comparable to the cost of construction since that is the only true hope of providing parity with neighborhood schools. For example, the cost of constructing the building we need is somewhere between 9 and 10 million dollars, and our funding gap is 3 to 4 million dollars. A charter school, though often part of a larger school district, is more akin to a mini school district within a school district. We need a way to seek our own funding for construction and remodeling of a facility to house our very successful program.

SB 185 includes a charter school grant program in newly created Sec. 14.03.263 of \$500 per student for new charter schools for "educational services" which is great, but should be made available to existing charter schools as well, this is money we could use for library books or computers. HB 321 also provides a 10% bonus in the BSA for charter schools in AS 14.17.470, which could help offset the costs of facilities being paid out of

the operating budget. Currently more than 95% of our budget goes to salaries plus benefits and lease costs. The remaining 5% goes to indirect costs, copier and telephone contracts, and teaching supplies. There really is no room for anything extra-we don't have a library or computer lab, the German government pays for our German textbooks, and we don't have a security system. What we have is a five star school built on dedicated teachers and staff, and students and parents who are willing to go the extra mile to make our school the best.

We strongly support increasing the BSA, which is our primary source of revenue, and including an inflationary proof element to the calculation like CPI to make funding more predictable from year to year. We commend the governor for starting this conversation but believe the increase in the BSA must be more than is called for in SB 139.

A property tax exemption being specifically added to AS 29.45.030(a)(3) for charter schools housed in leased facilities is also a key facility issue for charter schools in leased facilities. In our new building we are expecting to pay over \$75,000 per year in property taxes. \$75,000 we could put back in the classroom.

We also need predictability in what the district charges for indirect costs but believe that cap should be 3%. These are charges for administrative costs of human resources, payroll, and IT, however our principal does all of our hiring and evaluations, our AA does our payroll, and we get minimal IT support because we do not have many district computers so they are not supported by ASD IT. This percentage varies year to year and makes it difficult to predict for budgeting, and ASD provides no transparency as to what we are getting for our money.

In sum, Rilke and similarly situated charter schools need the following:

1. the ability to request CIPs for charter school construction without the limitations placed on the school districts they are a part of or the onerous administrative and/or financial requirements currently contained in AS 14.11.
2. a specific exemption from property taxes for those charter schools in leased facilities.
3. elimination of the school size factor as applies to charter schools.
4. significant increase in and inflation proofing of BSA.
5. addition of a charter school expert to the Department of Education and Early Development.
6. language added to AS 14.03.260(a) requiring that full funding following our students to their charter schools, including one time special funding.
7. a cap on indirect costs at no more than 3%.

We are not asking for special treatment but rather for parity with neighborhood schools as far as funding and facilities.

Thanks for taking the time to consider our comments, we know you are very busy at this time of the year.

Laura de Mander and Elisa Snelling

Parents of Rilke Schule students

Eagle River