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***Our goal is for the State of Alaska to equitably fund charter schools across the state.***

**Above all, inequity in facility funding is the largest barrier to new charter school start-ups as well as the single most significant challenge hindering charter school sustainability and growth.**

Alaska’s charter schools are **public** schools authorized by and run under any of the state’s local school districts. Every charter school employs public school teachers who are part of the teachers’ **union**. Charter schools must adhere to all the same standards and regulations of any school within their authorizing district. Charter schools differ in the fact that they are exempt from certain curriculum purchases within districts and they are governed by a parent board (APC) responsible for curricular and budgetary decisions. If the charter school employs a principal, the principal is hired by and reports to the APC, but remains a district employee.

Alaska’s Charter Schools are established under AS 14.03.250. Alaska’s current charter school law allows for educational collaboration between local districts and charter schools while prohibiting outside interests from capitalizing on our Alaskan educational dollar. Even though Alaska’s charter school laws offers public educational choice as well as accountability, charter school laws, as they relate to charter school funding are open to a great deal of interpretation resulting in significant differences throughout the state in the way charter schools are funded by the local districts. AS 14.03.260 dictates that charter schools be funded “in the same manner as it would be for a student enrolled in another public school in the district”. However, through conversations with charter schools operating all around the state, we have determined that charter schools are funded very differently, district by district.

As parents of charter school students, we believe the following items are needed to further strengthen the state’s charter schools:

- **Provide state-funded per pupil facilities allowance or 25% charter school BSA bonus, plus allow excess dollars to roll over each year** - charter schools must provide all operations out of one budget – that includes teachers’ salaries and benefits, textbooks, copiers, etc. Unlike traditional, optional, or alternative schools, charter schools in Anchorage must also pay rent, maintenance, insurance, and utilities. Public schools are not permitted to hold excess dollars in their accounts at the end of the fiscal year and that prohibits charter schools from saving for future expenses. Rollover exemptions would be needed, with approval of a facilities allowance or BSA bonus, in order to save for charter school construction and maintenance.
- **Mandate that funding shall follow the public school student** – all local dollars, state funding allocations (like energy relief and safety / security grants), and federal (dollars for military families) and transportation monies;
- **Reinstate and/or fund state grant programs for charter school facilities** (Examples include: **AS14.11.105-AS14.11.120, AS14.11.121, AS14.11.125, AS14.11.126, AS14.03.263**) – provide assistance for charter-school start-ups as well as savings for future construction and maintenance;
- **Cap state-mandated indirect fees at 4% of BSA (prior to adjustments)** – Acquarian, for example, pays nearly 5% of what it receives for funding back to the school district. We ask that you establish a reasonable, consistent rate, and require transparency in the current fee calculation; and,

- **Provide property tax exemption for all properties on which a charter school is operating** – presently, charter schools on property held by a private owner [for example, Winterberry (school) – Criterion (construction company / mortgage holder)] must pay property taxes. Exemption should be provided.

### **Why try to mandate equalities on the state level?**

Charter schools are governed by state law. Those current charter school laws are open to a great deal of interpretation allowing for significant differences throughout the state in the way charter schools are funded at the local district level. Strengthening the state charter school laws regarding funding will allow equal opportunity for a charter school to succeed no matter what district they are operating in while maintaining the collaborative relationship with the local districts.

Differences across the districts are significant; funding variations range from districts that pass through all available funds (Mat-Su) or house charter schools rent free in district facilities (Kenai), to districts that provide no assistance with facilities (Anchorage / Fairbanks) and are charging above the state-determined indirect fees (Fairbanks). Additionally, districts provide varying degrees of support with regard to specialized services including special education services. That, in turn, hinders the ability of charter schools to educate children with special needs.

A data request to the state office (2/3/2013) for detailed charter school funding information revealed that the state is not currently keeping data of this sort. The only way to identify the differences is to contact each district, or even school, on an individual basis.

### **Why should funding follow the public school student?**

Currently, depending on which district a charter school operates in, a charter school can receive as little as half the funding a local neighborhood school receives. Yet our charter schools are public schools required to adhere to all local, state and federal policies and standards, open to all Alaska children for no cost. The funding requirements established by the current state laws only mandate a portion of available funds go to charter schools. We believe all local, state, and federal funding formulas used for neighborhood public school students must also be applied to optional, alternative, and charter school students.

### **What funds are charter schools missing?**

As a result of the discrepancy between funding formulas, charter schools are unable to access to the following:

1. Local tax dollars. In the current legislation, the only mandated local dollars are the required local contribution amount. Therefore any additional dollars distributed to a local district by the local municipality currently are not required to be passed on to the charter schools.
2. State special operative funds. For the past two years the Governor's office has passed on to the local districts energy relief funds. These funds have not been distributed down to the charter schools on a per-pupil basis in all districts, including to charter schools which pay their own utility costs. Other special grants and safety and security dollars are also left to the discretion of the local district.
3. Federal monies. Federal impact dollars, received by a local district that are a result of a student count that includes students attending a charter school, are not currently passed to the charter school in which the student attends.

### **Why should the state assist with facilities?**

Charter schools in Alaska are currently, by law, only receiving money for an operational budget. But many charter schools, including each one in Anchorage, must cover all facilities' costs out of this budget; there are no additional means of support. This leaves charter schools in districts that are not providing a facility at an extreme disadvantage. Currently we only know of one district (Kenai) in which charter schools are housed rent free by the district. However, charter schools in the Kenai district say that this facility structure undermines Kenai's ability to assist new charter schools, which have recently been approved, because it lacks the capacity to support its desired growth.

### **Why should the state place a cap on indirect fees?**

Presently, charter schools pay indirect fees to their local school districts out of the BSA received per pupil. The indirect fees vary each year – from roughly less than 3% to more than 6%. While charter schools recognize and appreciate the symbiotic relationship with the individual school districts, there is no transparency with regard to the benefits received as a result of these indirect fees and there is no consistency as to the amount of the fee itself. The Department of Education and Early Development sets the indirect fees and it appears as though some districts may also add on to that. We ask that, for planning purposes, the local district submits to the state the value of services received and that the amount be capped at 4%.

### **Why should schools receive a property tax exemption?**

All schools should be exempt from local property taxes (and any possible state property taxes in the future). The current funding structure has forced some of Alaska's charter schools to seek private solutions for school construction. The private solutions are tremendously costly – hundreds of thousands of dollars a year with the option to purchase the building at today's value in 20 years – but they also come with a tax bill. Schools in this predicament, like Winterberry in Anchorage, pay tens of thousands of dollars in property taxes every year, out of the education budget, to the Municipality of Anchorage.

### **Why do charter schools need a per-pupil facilities allowance and a state-funded grant program for facilities?**

A per-pupil facilities allowance is the simplest and fastest way to get money to the charter schools which are in dire need of facility monies, including rent and maintenance. Grant programs are a long-term solution that would require investments on an annual basis to provide for savings for future construction and maintenance. A grant program would require incorporating into the DEED system or creating a new one to support charter schools. Charter schools can assist in structuring the program.

In HB 278, it is proposed that state charter schools are given access to grants under AS 14.11. However, if charter schools are pooled with local district neighborhood schools, there is very little chance of access to construction funds due to the first-come first-serve basis employed by the districts. Additionally, discussions with the district have also revealed they are not in a position to assist financially at this time, beyond simple maintenance projects.

### **Why do charter schools need transportation dollars?**

Charter schools provide individualized learning with diverse approaches. This environment is especially conducive to low-income students. Data shows that at Aquarian Charter School, economically-disadvantaged students are performing at the same level as non-economically disadvantaged students. Public transportation dollars could be provided solely to low-income families who would not access a charter school otherwise.

### **Why mandate union teachers?**

Recruiting is always an issue in Alaska. It is even more so in the teaching profession. The best teachers desire greater compensation and benefits. Right now, that is provided by the teachers' union. If charter schools were mandated to accept non-union teachers, it would not only be difficult to recruit teachers, but impossible to hire and retain highly-

qualified teachers. Union exceptions for non-teaching positions are welcomed to hold back costs as recruiting is not as much of an issue.