

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

February 8, 2010

8:01 a.m.

MEMBERS PRESENT

Senator Kevin Meyer, Co-Chair
Senator Joe Thomas, Co-Chair
Senator Bettye Davis, Vice Chair
Senator Charlie Huggins
Senator Donald Olson
Senator Gary Stevens

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 235

"An Act relating to charter school approval and funding."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 235

SHORT TITLE: CHARTER/ALTERNATIVE SCHOOL FUNDING

SPONSOR(S): EDUCATION

01/22/10	(S)	READ THE FIRST TIME - REFERRALS
01/22/10	(S)	EDC, FIN
02/08/10	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

WITNESS REGISTER

JOMO STEWART, staff to Senator Meyer
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Presented an analysis of SB 235.

MURRAY RICHMOND, staff to Senator Thomas
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Presented an analysis of SB 235.

SAM KITO III, Facilities Engineer
Department of Education and Early Development (DEED)
Juneau, AK

POSITION STATEMENT: Answered questions and provided information on the fiscal note for SB 235.

EDDY JEANS, Director
School Finance and Facilities Section,
Department of Education and Early Development
Juneau, AK

POSITION STATEMENT: Answered questions and provided information on the fiscal note for SB 235.

MYRL THOMPSON
Mat-Su School Board
Wasilla, AK

POSITION STATEMENT: Supported SB 235.

LORETTA NARDI, President
Partnership for Alaska Charter Schools (PACS)
Palmer, AK

POSITION STATEMENT: Supported SB 235.

BARBARA GERARD, Principal
Academy Charter School
Palmer, AK

POSITION STATEMENT: Supported SB 235.

RUSSELL THATCHER, representing himself
Matsu Valley, AK

POSITION STATEMENT: Supported SB 235.

ACTION NARRATIVE

[8:01:47 AM](#)

CO-CHAIR KEVIN MEYER called the Senate Education Standing Committee meeting to order at 8:01 a.m. Present at the call to order were Senators Huggins, Stevens, Davis, Olson, Thomas and Meyer.

SB 235-CHARTER/ALTERNATIVE SCHOOL FUNDING

[8:02:22 AM](#)

CO-CHAIR MEYER announced consideration of SB 235.

[8:02:52 AM](#)

JOMO STEWART, aide to Senator Meyer, said SB 235 relates to Charter School funding. For some time, federal funds have been available through the Department of Education and Early Development (DEED) for charter schools; SB 235 addresses Alaska's eligibility and allows the state to be more competitive in acquiring those grants.

He explained that section 2 of the bill establishes the statutory mechanisms that allow the state to provide financial assistance to charter schools on a per-pupil basis. Under current statute, there is a cap on the number of charter schools allowed in the state; SB 235 removes that cap. Section 2 also sets up the protocols under which the grant distribution and operation will be managed.

MURRAY RICHMOND, aide to Senator Thomas, added that this grant money will be used primarily for capital funding.

[8:05:07 AM](#)

SENATOR DAVIS asked why it is necessary to lift the cap; Alaska has never reached the maximum number of charter schools allowed in the state.

[8:05:42 AM](#)

MR. RICHMOND replied that one condition for obtaining the federal grants is that the state has no cap on the number of charter schools allowed.

SENATOR DAVIS asked where that is specified in the federal statute.

MR. RICHMOND answered that he will find out.

[8:06:26 AM](#)

SENATOR OLSON asked if anyone opposes SB 235.

MR. RICHMOND said he is not aware of any opposition.

MR. STEWART said he has not heard any opposition to the bill either.

[8:07:09 AM](#)

CO-CHAIR THOMAS commented that several charter schools in his district have reported difficulties obtaining funding for facilities.

8:07:40 AM

SENATOR HUGGINS asked what contributions are made to charter schools by local government.

MR. RICHMOND explained that when a charter school is established it is under the jurisdiction of the local school district, so funds come from that district. Charter schools are eligible for the base funding rate if they have at least 150 students.

SENATOR HUGGINS asked which schools receive local funding and which do not.

MR. RICHMOND replied he did not have a definitive answer.

8:09:17 AM

SAM KITO III, Facilities Engineer, Department of Education and Early Development (DEED), Juneau, Alaska, introduced himself.

EDDY JEANS, Director of School Finance, Department of Education and Early Development, Juneau, Alaska, said he and Mr. Kito are here to answer questions and provide information on the fiscal note. The fiscal note anticipates one and a half positions to administer the construction program if it is funded.

CO-CHAIR MEYER asked why it is expected to take one and a half people to administer grants.

MR. KITO answered that the Department of Education and Early Development has administered federal funding grants in the past, and it took a significant amount of time to manage the reporting and paperwork. The current staff is fully committed; in order to take on a new program, the department will need to hire one person to administer those grants and a half-time administrative assistant to help with the paperwork and reporting.

CO-CHAIR MEYER asked how many charter schools there are in Alaska at this time.

MR. JEANS answered that he thinks there are 26. The federal funding is a five-year program, and he estimates that about 40 percent of those schools will receive funding in any given fiscal year.

8:11:39 AM

SENATOR HUGGINS asked Mr. Jeans if he has any concerns or recommendations regarding this bill.

MR. JEANS said has none at this time. He added that, although lifting the cap may not be specifically stated in federal law, it is clearly the intent of the current federal administration that there shall be no caps on charter schools.

[8:13:02 AM](#)

SENATOR HUGGINS asked if Mr. Jeans is comfortable with the state's position with respect to the federal program at this point.

[8:13:34 AM](#)

MR. JEANS responded that there is one other component that isn't addressed in bill and that may be a little harder to deal with, and that is the alternative route to charter school approval. Currently Alaska requires charter schools to go through the local school district for approval; the federal government would like them to go through a stand-alone body.

[8:14:15 AM](#)

He said the department is very concerned about that, because it does not want to create a bunch of local education agencies for charter school purposes.

[8:14:33 AM](#)

SENATOR STEVENS asked why the current cap on charter schools is at 60.

MR. JEANS said it was initially set at 30 and raised by the legislature when the number of charter schools approached the cap.

[8:15:12 AM](#)

CO-CHAIR THOMAS asked if Mr. Jeans would also forward to his office or to Senator Meyer's the requirement for the first student contribution.

MR. JEANS said that will be easy to find and he will be happy to do it.

[8:15:44 AM](#)

SENATOR STEVENS asked what the funding mechanism is for charter schools.

[8:16:10 AM](#)

MR. JEANS explained the funding mechanism that is outlined in Alaska's charter school legislation. It says that charter

schools are entitled to all the funds they would generate through the foundation program. The department runs schools through the program, multiplies their adjusted average daily membership (ADM) by the base student allocation (BSA), and that number, basic need, is the minimum contribution to a charter school. Basic need includes the local required contribution, the 4-mill tax levy, plus state aid. In some districts, charter schools get the additional local contribution as well; that is addressed specifically in their charters.

[8:17:13 AM](#)

SENATOR STEVENS asked if the state is committing to a stand-alone process by passing this bill.

MR. JEANS answered no, but he does need to research the issue further.

[8:17:40 AM](#)

SENATOR HUGGINS said, as he understands it, the state is looking for the minimum threshold that will allow us to get federal funding.

MR. JEANS said that is his understanding as well.

[8:18:11 AM](#)

SENATOR DAVIS asked if this bill addresses grant monies received through the "Race to the Top."

MR. JEANS said he believes it is in the Alaska Recovery and Reinvestment Act (ARRA) funding, not Race to the Top, but he will check.

SENATOR DAVIS asked if this program goes away in 2015.

MR. JEANS said he believes it is a five-year program, so that is correct.

[8:18:48 AM](#)

CO-CHAIR MEYER opened public testimony.

[8:19:26 AM](#)

MYRL THOMPSON, Mat-Su School Board, Wasilla, Alaska, said the school board supports this bill. One of the problems the Mat-Su School Board and district have concerning their charter schools is funding for buildings and maintenance. Some of their five schools are in very bad repair, so any additional funding will help. The charter schools have tried to apply for this grant and

said that one of the issues holding them up is the cap. The current administration in Washington DC wants caps removed and wants accountability from the schools.

He said the school board vets new charters at this time, but they have to lease land and buildings, which can become very costly. In the long run, he thinks SB 235 will save the school districts and the state a lot of money.

[8:21:55 AM](#)

SENATOR HUGGINS asked Mr. Thomson to describe Midnight Sun housing to the committee.

MR. THOMPSON said that pre-dates his tenure on the board, and he isn't sure how it came about.

SENATOR HUGGINS related that Midnight Sun started out in a strip mall where it had a lot of difficulty meeting fire code. They then moved out of the strip mall into a building that was designed and built specifically for them by a local contractor and lease back from him with an option to purchase. They pay tax on that building, so money that is cycled to the school comes back to the borough in the form of property taxes.

MR. THOMPSON said the tax issue is another problem with Midnight Sun. The amount of the lease for Fronteras, their most recent charter school, is a huge stretch for the school district, but was the only option available to them.

[8:23:52 AM](#)

SENATOR DAVIS asked Senator Huggins who made the decision to have a new building constructed.

SENATOR HUGGINS replied that he thinks it was decided in collaboration with the borough, the district, the school board, and the charter school.

SENATOR DAVIS said she thinks that model might work for other charter schools.

[8:24:58 AM](#)

SENATOR STEVENS asked Mr. Thompson to comment on the federal government's interest in developing stand-alone charter school offices and bypassing the districts.

MR. THOMPSON said he is not sure how that would work. At this point, they would like to maintain some local control; the

district is closer to the issues and is certainly capable of taking care of it.

[8:25:47 AM](#)

CO-CHAIR THOMAS asked if the board and the district have looked at their potential need and how this bill might impact the district.

[8:26:32 AM](#)

MR. THOMPSON said he isn't too worried about a "gold rush" on charter schools; he thinks the school board can handle the situation.

[8:27:03 AM](#)

CO-CHAIR THOMAS asked if they have any estimate of the total amount the charter schools in his district will need.

MR. THOMPSON said the charter school administrators can provide more accurate information on that than he can.

[8:27:32 AM](#)

SENATOR HUGGINS said it might be wise if Alaska asks for a delay in implementation in order to work this out properly first.

MR. THOMPSON agreed.

[8:28:35 AM](#)

LORETTA NARDI, President, Partnership for Alaska Charter Schools (PACS), Palmer, Alaska, said they support SB 235. According to the U.S. Department of Education, Alaska currently ranks among the lowest in the nation in terms of supporting charter schools, and SB 235 addresses this problem. The new language will allow Alaska to compete for federal facility grants for the first time in 13 years, as well as for federal start-up grants.

[8:30:48 AM](#)

BARBARA GERARD, Principal, Academy Charter School, Palmer, Alaska, said there is widespread support for SB 235, which includes school boards, school districts, state and local community leaders, state associations, and charter school administrators and staff. This amendment to the current law improves the state's ability to secure federal start-up funds for Alaska charter schools and makes them eligible to compete for the federal facility grants and startup monies they so desperately need. She thanked the committee for its support of excellence in education.

[8:32:43 AM](#)

RUSSELL THATCHER, representing himself, Matsu Valley, Alaska, said he also supports SB 235. His children are in a charter school, and he is very impressed with their program.

[8:33:35 AM](#)

CO-CHAIR MEYER closed public testimony.

[8:34:21 AM](#)

SENATOR DAVIS stated that she is interested in the information the administration is going to bring back to them, but she definitely does not want to hold this bill up waiting for it. She said she has always supported charter schools; in fact she introduced the first charter school law in the state, and she has no problem with removing the cap on charter schools if that is what it takes. When she looks at where the state ranks in support for charter schools, she exclaimed, Alaska gets a "D". She is sick and tired of being at the bottom of the list when it comes to good things for Alaska's students!

[8:35:44 AM](#)

CO-CHAIR MEYER thanked Senator Davis for her work for charter schools in the state.

[8:36:09 AM](#)

SENATOR HUGGINS said this bill relies on some other things and, while it is important to get the bill moving, he thinks the committee needs to know what those are.

[8:37:30 AM](#)

CO-CHAIR THOMAS said he also wants to know about the other requirements that may impact this. He asked for clarification of the \$1000 legislative appropriation at \$1 per pupil, found in section 2 of the fiscal note analysis.

[8:37:54 AM](#)

MR. KITO responded that the total number of charter school students is in the neighborhood of 2500; he has estimated that about 1000 per year will be impacted by the program.

CO-CHAIR THOMAS asked if he is correct that the number does not represent total students, but the number who are at the schools that will be impacted each year.

MR. KITO said he is correct.

[8:38:52 AM](#)

SENATOR OLSON said he wonders why, if this is such a good bill and has such widespread support, something like it hasn't been put forward before.

MR. JEANS replied that is a difficult question to answer. He said federal policy is driving this legislation. The federal government does not want to see caps on charter schools, and Alaska gets marked down because it has one, even though the state isn't even close to reaching it.

In response to Senator Thomas' question regarding the \$1 per child appropriation, he said, to receive federal funding, the state has to have a per pupil funding mechanism. He added that he is not sure that \$1 is the correct amount and will have to take a closer look that.

SENATOR OLSON asked why Alaska has a cap in the first place.

MR. JEANS said he thinks it is because the state started down road with charter schools as an experiment and wanted to make sure they would work out in Alaska. He thinks the charter school program has proven to be very successful; the biggest hurdle is the facilities issue. The state does have a facilities program for public schools, but charter schools get caught in the middle of this because it is based on the number of students within a particular attendance area. It becomes very difficult for charter schools to qualifying for space under the current program. He asserted that the Department of Education and Early Development needs to research the federal program further, to be sure they understand all the components of it. They also need to keep in mind that charter schools are public schools in the state of Alaska.

[8:42:11 AM](#)

CO-CHAIR THOMAS asked whether a lease-back such as the Midnight Sun property is considered public or private property for purposes of taxation.

MR. JEANS said he thinks it is considered a private facility and taxable as such.

[8:43:06 AM](#)

SENATOR HUGGINS asked about the issue of square footage as it relates to bonding. He thought that had been cleared up.

MR. JEANS said he doesn't think it has been cleared up, but in places like Kenai where they have declining school enrollment,

they have allowed the charter schools to utilize square footage that has become available. Mat-Su is a growing region, so it will be more difficult for them to qualify for additional square footage strictly for their charter schools. The state has never had a separation between charter schools and the rest of the public schools' needs in the facilities program, and he is not sure it would be a good idea.

[8:44:41 AM](#)

CO-CHAIR MEYER said there are some outstanding questions that need to be resolved before final passage on the Senate floor, but he is comfortable moving SB 235 on to Finance.

[8:45:57 AM](#)

CO-CHAIR THOMAS moved to report SB 235 out of committee with individual recommendations and attached fiscal note(s). There being no objection, SB 235 was moved from committee.

[8:46:18 AM](#)

CO-CHAIR MEYER called a brief at ease.

[8:47:55 AM](#)

CO-CHAIR MEYER called the meeting back to order.

[8:50:14 AM](#)

There being no further business to come before the committee, Co-Chair Meyer adjourned the meeting at 8:50 a.m.