

SENATE FINANCE COMMITTEE  
February 27, 2009  
9:05 a.m.

[9:05:16 AM](#)

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:05 a.m.

MEMBERS PRESENT

Senator Bert Stedman, Co-Chair  
Senator Charlie Huggins, Vice-Chair  
Senator Johnny Ellis  
Senator Kim Elton  
Senator Donny Olson  
Senator Joe Thomas

MEMBERS ABSENT

Senator Lyman Hoffman, Co-Chair

ALSO PRESENT

Weston Eiler, Staff, Senator Bert Stedman; Mary Siroky, Special Assistant, Department of Transportation and Public Facilities; Eddy Jeans, Director, School Finance and Facilities Section, Department of Education and Early Development; Brenda Taylor, Parent and President, Accreditation Policy Council, Juneau Community Charter School, Juneau.

PRESENT VIA TELECONFERENCE

Al Dwyer, Mayor, City of Petersburg; Samuel Shields, Board Member, Ayaprun Elitnaurvik School Board, and Vice-Chair, Bethel School Board, Bethel; Mike Fisher, Chief Financial Officer, Fairbanks North Star School District; Janet Stokesbury, Chief Financial Officer, Anchorage School District; Shanna Mall, Principal, Winterberry Charter School, Anchorage; Kiki Abrahamson, Teacher, Fireweed Academy, and President, Alaska Charter School Association, Homer; Todd Hindman, Lead Teacher, Anvil City Science Academy, Nome.

SUMMARY

SB 24 "An Act naming the bridge over Hammer Slough on Nordic Drive in Petersburg the Louis Miller Bridge."

SB 24 was HEARD and HELD in Committee for further consideration.

SB 25 "An Act naming the South Mitkof Island ferry terminal the Richard 'Dewey' Duvall Ferry Terminal."

SB 25 was HEARD and HELD in Committee for further consideration.

SB 57 "An Act relating to charter school funding."

SB 57 was HEARD and HELD in Committee for further consideration.

#sb24

SENATE BILL NO. 24

"An Act naming the bridge over Hammer Slough on Nordic Drive in Petersburg the Louis Miller Bridge."

[9:05:24 AM](#)

WESTON EILER, STAFF, SENATOR BERT STEDMAN, SPONSOR, explained that SB 24 would honor Louis Miller, an Alaskan pioneer who contributed a great deal to the community of Petersburg. He pointed out that under current law (AS 35.40.015) the state may name public works through an act of the legislature. Since enactment, the authority has been exercised over forty times, including for the Terry Miller Legislative Office Building and the Robert B. Atwood Building.

Mr. Eiler informed the committee that SB 24 would name a bridge over Hammer Slough in Petersburg after Mr. Miller, who came to Alaska during the Klondike Gold Rush in 1901. He worked as a carpenter and oversaw the construction of the Sons of Norway Hall. He operated a moorage and warehouse on the site of the present day bridge until his death in 1955. The City of Petersburg supports the bill.

Co-Chair Stedman referred to the fiscal note of \$4,000.

Senator Olson asked if anyone was opposed to the bill. Mr. Eiler was not aware of anyone who was.

Co-Chair Stedman added that the legislation was a result of a request from the Petersburg City Council.

[9:09:06 AM](#)

Senator Huggins asked if the name had been vetted locally. Co-Chair Stedman responded that the city council had taken care of the process.

Senator Thomas confirmed that the same statute was used to name the Robert B. Atwood Building.

Co-Chair Stedman opened public testimony.

AL DWYER, MAYOR, CITY OF PETERSBURG (testified via teleconference), told the committee that the Petersburg City Council unanimously passed the resolution. He spoke about Louis Miller and the site of the bridge. Mr. Miller's family was the second family to live south of the Slough.

[9:11:09 AM](#)

Co-Chair Stedman noted the complex interrelationships on the islands. He related that his father had worked for Mr. Miller. The Sons of Norway Hall was built by Mr. Miller.

Co-Chair Stedman closed public testimony.

SB 24 was HEARD and HELD in Committee for further consideration.

#sb25

SENATE BILL NO. 25

"An Act naming the South Mitkof Island ferry terminal the Richard 'Dewey' Duvall Ferry Terminal."

[9:12:52 AM](#)

WESTON EILER, STAFF, SENATOR BERT STEDMAN, SPONSOR, told the committee that SB 25 would honor Richard "Dewey"

Duvall, a proponent of marine transportation and a long-time active resident of Petersburg, by naming the South Mitkof Island ferry terminal after him. Mr. Duvall served on the city council and was a founding board member of the Inter-Island Ferry Authority (IFA). He was instrumental in the construction of the ferry terminal at South Mitkof. The bill would recognize his dedication and contribution to the community. The City of Petersburg and the IFA support the legislation.

Co-Chair Stedman noted that Mr. Duvall had passed away recently.

Co-Chair Stedman opened public testimony.

AL DWYER, MAYOR, CITY OF PETERSBURG (testified via teleconference), confirmed the Petersburg City Council's wishes that the ferry terminal be named after Mr. Duvall.

Co-Chair Stedman referred to the fiscal note of #1,200 by the Department of Transportation and Public Facilities (DOT/PF).

MARY SIROKY, SPECIAL ASSISTANT, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, explained that the money would be for a temporary sign for the temporary facility. The new sign would be part of the cost of a new facility.

Co-Chair Stedman asked for a clearer idea of what the permanent sign would include.

[9:16:38 AM](#)

Senator Huggins asked for an explanation of different requirements for historical versus regular DOT/PF signs. Ms. Siroky said she would get the information.

Co-Chair Stedman closed public testimony.

SB 25 was HEARD and HELD in Committee for further consideration.

#sb57

SENATE BILL NO. 57

"An Act relating to charter school funding."

[9:17:10 AM](#)

Co-Chair Stedman indicated that there has been interest in a potential amendment for the legislation.

SENATOR JOE THOMAS, SPONSOR, explained that the legislation would support school choice and do away with the charter school penalty. Under the existing school funding law, charter schools that enroll fewer than 150 students receive 30 to 45 percent less state funding than similar sized neighborhood schools.

Senator Thomas pointed to two handouts, "The Role of the 'Adjusted Student Count' in School Funding" and "Example Adjusted Student Count Calculations" (Copies on File) that help break down the complex formula. There is a dramatic decrease in funding, around \$500,000 to \$700,000, when a charter school's enrollment drops even one student below 150. The count period is the majority of the month of October; even if a school surpasses the 150 limit by the end of the count period, the count used is the average taken over the count period.

Senator Thomas reported that the root of the problem is the way the foundation formula calculates the "adjusted student count" for charter schools versus neighborhood schools. Almost all regular schools have their enrollment adjusted upward by a formula; a different formula that adjusts downward is used by charter schools. The multiplier is explained on the handout "Example Adjusted Student Count Calculations." The process provides too little money for charter schools to survive.

Senator Thomas explained that SB 57 funds charter schools with fewer than 150 students at the same per student rate as a neighborhood school with 400 students. Charter schools have to be significantly more efficient than other schools, but the funding level is manageable. He added that the legislation contains a one-year hold harmless provision for charter schools that are either in their first year of operation or had more than 150 students one year and then subsequently dropped below that number. The provision reduces the financial harm to the district from the unexpected decrease in their student count adjustment. The bill is supported by the Alaska Association of School Boards. Many superintendents have testified in support of

the legislation. He listed other sponsors and noted wide support by legislators.

[9:21:38 AM](#)

Co-Chair Stedman asked for more information about the 1.18 multiplier. Senator Thomas replied that there had been discussions previously considering a range from 1.08 to 1.27. The number selected is a compromise between the two numbers.

Senator Huggins asked the number of charter schools that are affected. He pointed out that some schools are not going to get bigger than 150 students. Senator Thomas answered that there are four schools in the state at the borderline count; those schools' numbers were not expected to change dramatically.

Senator Elton acknowledged Senator Huggins' role in solving the funding issue on an annual basis in the past.

[9:24:20 AM](#)

EDDY JEANS, DIRECTOR, SCHOOL FINANCE AND FACILITIES SECTION, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT (DEED), reported that the legislation would affect four charter schools.

Mr. Jeans said the formula number 1.18 was arrived at by running a school of 400 through the formula and dividing it by the adjusted daily membership (ADM). He referred to the fiscal note for \$714,300 to cover the charter schools that need stable funding.

Co-Chair Stedman asked for the names of the four schools. Mr. Jeans listed the schools:

- Effie Kokrine Charter School, Fairbanks
- Juneau Community Charter School
- Fireweed Academy, Home
- Anvil City Science Academy, Nome

Co-Chair Stedman queried the position of \_\_\_\_\_ on \_\_\_\_\_ the legislation. Mr. Jeans answered that DEED was neutral. He stated that from his point of view as Finance Director, it made good sense.

[9:27:04 AM](#)

Senator Huggins told the committee that losing one student could cost a charter school hundreds of thousands of dollars. He called the previous measure draconian. He thought the proposed legislation was a prudent approach.

Co-Chair Stedman opened public testimony.

SAMUEL SHIELDS, BOARD MEMBER, AYAPRUN ELITNAURVIK SCHOOL BOARD, AND VICE-CHAIR, BETHEL SCHOOL BOARD, BETHEL (testified via teleconference), spoke in support of the legislation. He reported that the Bethel school at one time had dipped to a 149 student count, resulting in a substantial decrease in funding. He witnessed the affect of the decrease on the school. The school was able to recover; current enrollment is approximately 180 students. However, there are only 6,000 people in Bethel.

[9:30:20 AM](#)

MIKE FISHER, CHIEF FINANCIAL OFFICER, FAIRBANKS NORTH STAR SCHOOL DISTRICT (testified via teleconference), spoke in support of the legislation. The district is keenly aware of how the bill will help charter schools provide important educational choices for families. Fairbanks currently has three charter schools, with a new one starting next year. Two of the operating schools and the new school have target enrollments of about 155 students. This year one of the schools just missed the average daily membership over the count period, even though over 150 students ended up enrolling, which cost the district around \$680,000 out of an expected \$1.4 million budget. He said the bill would help address the catastrophic impact of a school failing to meet the count threshold. He thought the funding compromise was fair and provided incentive for schools to get to targeted enrollments.

JANET STOKESBURY, CHIEF FINANCIAL OFFICER, ANCHORAGE SCHOOL DISTRICT (testified via teleconference), spoke in support of the legislation. The district views the bill as ensuring stability for charter schools. They also supported the one-year held harmless provision.

[9:33:13 AM](#)

SHANNA MALL, PRINCIPAL, WINTERBERRY CHARTER SCHOOL, ANCHORAGE (testified via teleconference), spoke in support of the bill. She relayed the difficult experience of the school falling below the cutoff number. People worked 90-day weeks without pay and the community took risks to support the school. Staff was severely cut and a deficit of \$180,000 was carried over to the next year. The program and children's safety were compromised.

[9:35:44 AM](#)

BRENDA TAYLOR, PARENT, AND PRESIDENT, ACCREDITATION POLICY COUNCIL, JUNEAU COMMUNITY CHARTER SCHOOL, JUNEAU, testified in support of the legislation. She thought the bill solves many of the concerns of charter schools. She stated that the Juneau school district supports the bill and the Juneau charter school, but does not want the charter school to have enrollment over 150 because of negative impact on other schools. The Juneau charter school will not survive without additional funds. They are unable to make the school accessible to more families due to transportation limitations.

Co-Chair Stedman acknowledged the presence of 15 students observing online in Homer.

[9:38:29 AM](#)

KIKI ABRAHAMSON, TEACHER, FIREWEED ACADEMY, AND PRESIDENT, ALASKA CHARTER SCHOOL ASSOCIATION, HOMER (testified via teleconference), spoke in support of the bill and introduced her students, who gave a cheer for the finance committee.

Ms. Abrahamson expressed concerns of the charter school association about public perception of SB 57 in the current economic climate. She stressed that the bill was not a request for add-on funding, but a request to fix a statute that has handicapped the development of innovative public charter schools in Alaska and has discriminated against schools of choice in small and rural communities. In 1992, the first charter school opened in St. Paul, Minnesota; 16 years later there are over 4500 schools serving 1.3 million students in 40 states.

[9:41:05 AM](#)

TODD HINDMAN, LEAD TEACHER, ANVIL CITY SCIENCE ACADEMY, NOME (testified via teleconference), spoke in support of the legislation on behalf of the Academic Policy Committee of Anvil City Science Academy (ACSA) and the Nome Public School Board of Education. He stated that a larger charter school could have an adverse affect on other public schools. He felt the small size of ACSA is one of its strengths. Students have a more flexible learning experience and are more closely connected with the community.

Co-Chair Stedman closed public testimony.

Senator Huggins noted that the challenge the legislation was addressing was not just financial. The ripple effect through a school district when the count goes below the cutoff is dramatic. He pointed out that alternative schools have the same challenge.

Co-Chair Stedman referred to an amendment being formed.

SB 57 was HEARD and HELD in Committee for further consideration.

[9:45:06 AM](#)

#

ADJOURNMENT

The meeting was adjourned at 9:44 AM.