

CS FOR HOUSE BILL NO. 93(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

Offered: 4/2/14

Referred: Finance

Sponsor(s): REPRESENTATIVES GATTIS, Keller, Tammie Wilson, Reinbold, Higgins

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to charter schools; relating to student transportation; relating to school**
2 **construction bonds; and providing for an effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 14.03.250 is repealed and reenacted to read:

5 **Sec. 14.03.250. Application for charter school.** (a) A local school board shall
6 prescribe an application procedure for the establishment of a charter school in that
7 school district. The application procedure must include provisions for an academic
8 policy committee consisting of parents of students attending the school, teachers, and
9 school employees and a proposed form for a contract between a charter school and the
10 local school board, setting out the contract elements required under AS 14.03.255(c).

11 (b) A decision of a local school board approving or denying an application for
12 a charter school must be in writing, must be issued within 60 days after the
13 application, and must include all relevant findings of fact and conclusions of law.

14 (c) If a local school board approves an application for a charter school, the

1 local school board shall forward the application to the state Board of Education and
2 Early Development for review and approval.

3 (d) If a local school board denies an application for a charter school, the
4 applicant may appeal the denial to the commissioner. The appeal to the commissioner
5 shall be filed not later than 60 days after the local school board issues its written
6 decision of denial. The commissioner shall review the local school board's decision to
7 determine whether the findings of fact are supported by substantial evidence and
8 whether the decision is contrary to law. A decision of the commissioner upholding the
9 denial by the local school board is a final decision not subject to appeal to the state
10 Board of Education and Early Development.

11 (e) If the commissioner approves a charter school application, the
12 commissioner shall forward the application to the state Board of Education and Early
13 Development for review and approval. The application shall be forwarded not later
14 than 30 days after the commissioner issues a written decision. The state Board of
15 Education and Early Development shall exercise independent judgment in evaluating
16 the application.

17 (f) Except as provided in (g) of this section, the state board shall operate a
18 charter school that has been approved by the state board on appeal of a denial of the
19 charter school application by the local school board under the laws governing the
20 operation and maintenance of a charter school, as if the state board were a school
21 district. The laws pertaining to a charter school under AS 14.03.255 - 14.03.290 shall
22 apply to the state board as if it were a local school board.

23 (g) A local school board that denied an application for a charter school
24 approved by the state board on appeal may elect to operate the charter school as
25 provided in AS 14.03.255 - 14.03.290.

26 * **Sec. 2.** AS 14.03 is amended by adding a new section to read:

27 **Sec. 14.03.253. Charter school application appeal to commissioner.** In an
28 appeal to the commissioner under AS 14.03.250, the commissioner shall review the
29 record before the local school board. The commissioner may request written
30 supplementation of the record from the applicant or the local school board. The
31 commissioner may

(1) remand the appeal to the local school board for further review;

(2) approve the charter school application and forward the application to the state Board of Education and Early Development with or without added conditions; or

(3) uphold the decision denying the charter school application.

* **Sec. 3.** AS 14.03.255(d) is amended to read:

(d) A **school district shall offer to a charter school the right of first refusal for a lease of space** [CHARTER SCHOOL MAY BE OPERATED] in an existing school district facility or in a facility within the school district that is not currently being used as a public school, if the chief school administrator determines the facility meets requirements for health and safety applicable to public buildings or other public schools in the district. **The school district may negotiate a lease agreement with the charter school for the true operational costs calculated on a square foot basis for space leased under this subsection.**

* **Sec. 4.** AS 14.03.260(a) is amended to read:

(a) A local school board shall provide an approved charter school with an annual program budget. The budget shall be not less than the amount generated by the students enrolled in the charter school less administrative costs retained by the local school district, determined by applying the indirect cost rate approved by the **department up to 4 percent** [DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT]. The "amount generated by students enrolled in the charter school" is to be determined in the same manner as it would be for a student enrolled in another public school in that school district **and includes funds generated by special needs under AS 14.17.420(a)(1) and secondary school vocational and technical instruction under AS 14.17.420(a)(3). A school district shall direct state aid under AS 14.11 for the construction or major maintenance of a charter school facility to the charter school that generated the state aid, subject to the same terms and conditions that apply to state aid under AS 14.11 for construction or major maintenance of a school facility that is not a charter school.**

* **Sec. 5.** AS 14.09.010 is amended by adding new subsections to read:

(e) A school district that provides transportation services under this section

1 shall provide transportation services to students attending a charter school operated by
2 the district under a policy adopted by the district. The policy must

3 (1) be developed with input solicited from individuals involved with
4 the charter school, including staff, students, and parents; and

5 (2) at a minimum, provide transportation services for students enrolled
6 in the charter school on a space available basis along the regular routes that the
7 students attending schools in an attendance area in the district are transported; and

8 (3) be approved by the department.

9 (f) If a school district fails to adopt a policy under (e) of this section, the
10 school district shall allocate the amount received for each student under (a) of this
11 section to each charter school operated by the district based on the number of students
12 enrolled in the charter school.

13 (g) Nothing in (e) of this section requires a school district to establish
14 dedicated transportation routes for the exclusive use of students enrolled in a charter
15 school or authorizes a charter school to opt out of a policy adopted by a school district
16 for the purpose of acquiring transportation funding.

17 * **Sec. 6.** AS 14.11.100(a) is amended to read:

18 (a) During each fiscal year, the state shall allocate to a municipality that is a
19 school district the following sums:

20 (1) payments made by the municipality during the fiscal year two years
21 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
22 indebtedness incurred before July 1, 1977, to pay costs of school construction;

23 (2) 90 percent of

24 (A) payments made by the municipality during the fiscal year
25 two years earlier for the retirement of principal and interest on outstanding
26 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
27 July 1, 1978, to pay costs of school construction;

28 (B) cash payments made after June 30, 1976, and before July 1,
29 1978, by the municipality during the fiscal year two years earlier to pay costs
30 of school construction;

31 (3) 90 percent of

1 (A) payments made by the municipality during the fiscal year
 2 two years earlier for the retirement of principal and interest on outstanding
 3 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
 4 January 1, 1982, to pay costs of school construction projects approved under
 5 AS 14.07.020(a)(11);

6 (B) cash payments made after June 30, 1978, and before July 1,
 7 1982, by the municipality during the fiscal year two years earlier to pay costs
 8 of school construction projects approved under AS 14.07.020(a)(11);

9 (4) subject to (h) and (i) of this section, up to 90 percent of

10 (A) payments made by the municipality during the current
 11 fiscal year for the retirement of principal and interest on outstanding bonds,
 12 notes, or other indebtedness incurred after December 31, 1981, and authorized
 13 by the qualified voters of the municipality before July 1, 1983, to pay costs of
 14 school construction, additions to schools, and major rehabilitation projects that
 15 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

16 (B) cash payments made after June 30, 1982, and before July 1,
 17 1983, by the municipality during the fiscal year two years earlier to pay costs
 18 of school construction, additions to schools, and major rehabilitation projects
 19 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

20 (C) payments made by the municipality during the current
 21 fiscal year for the retirement of principal and interest on outstanding bonds,
 22 notes, or other indebtedness to pay costs of school construction, additions to
 23 schools, and major rehabilitation projects that exceed \$25,000 and are
 24 submitted to the department for approval under AS 14.07.020(a)(11) before
 25 July 1, 1983, and approved by the qualified voters of the municipality before
 26 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
 27 annual growth rate of average daily membership of the municipality is more
 28 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual
 29 growth rate of average daily membership of the municipality is 12 percent or
 30 more; payments made by a municipality under this subparagraph on total
 31 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph

are subject to (5)(A) of this subsection;

(5) subject to (h) - (j) of this section, 80 percent of

(A) payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality

(i) after June 30, 1983, but before March 31, 1990, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); or

(ii) before July 1, 1989, and reauthorized before November 1, 1989, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

(B) cash payments made after June 30, 1983, by the municipality during the fiscal year two years earlier to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are approved by the department before July 1, 1990, under AS 14.07.020(a)(11);

(6) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

(7) subject to (h) - (j) and (m) of this section, 70 percent of payments made by the municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality after March 31, 1990, but before April 30, 1993, to pay costs of school construction, additions to schools, and major rehabilitation projects;

(8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after projects funded by the bonds, notes, or other indebtedness have been approved by the

1 commissioner, 70 percent of payments made by the municipality during the fiscal year
2 for the retirement of principal and interest on outstanding bonds, notes, or other
3 indebtedness authorized by the qualified voters of the municipality on or after July 1,
4 1995, but before July 1, 1998, to pay costs of school construction, additions to
5 schools, and major rehabilitation projects that exceed \$200,000 and are approved
6 under AS 14.07.020(a)(11);

7 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
8 projects funded by the bonds, notes, or other indebtedness have been approved by the
9 commissioner, 70 percent of payments made by the municipality during the fiscal year
10 for the retirement of principal and interest on outstanding bonds, notes, or other
11 indebtedness authorized by the qualified voters of the municipality on or after July 1,
12 1998, but before July 1, 2006, to pay costs of school construction, additions to
13 schools, and major rehabilitation projects that exceed \$200,000 and are approved
14 under AS 14.07.020(a)(11);

15 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after
16 projects funded by the bonds, notes, or other indebtedness have been approved by the
17 commissioner, 70 percent of payments made by the municipality during the fiscal year
18 for the retirement of principal and interest on outstanding bonds, notes, or other
19 indebtedness authorized by the qualified voters of the municipality on or after June 30,
20 1998, to pay costs of school construction, additions to schools, and major
21 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
22 and are not reimbursed under (n) of this section;

23 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
24 funded by the bonds, notes, or other indebtedness have been approved by the
25 commissioner, 70 percent of payments made by a municipality during the fiscal year
26 for the retirement of principal and interest on outstanding bonds, notes, or other
27 indebtedness authorized by the qualified voters of the municipality on or after June 30,
28 1999, but before January 1, 2005, to pay costs of school construction, additions to
29 schools, and major rehabilitation projects and education-related facilities that exceed
30 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)
31 or (o) of this section;

1 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent
 2 of payments made by a municipality during the fiscal year for the retirement of
 3 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
 4 the qualified voters of the municipality on or after June 30, 1999, but before January 1,
 5 2005, to pay costs of school construction, additions to schools, and major
 6 rehabilitation projects and education-related facilities that exceed \$200,000, are
 7 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
 8 section;

9 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after
 10 projects funded by the tax exempt bonds, notes, or other indebtedness have been
 11 approved by the commissioner, 70 percent of payments made by a municipality during
 12 the fiscal year for the retirement of principal and interest on outstanding tax exempt
 13 bonds, notes, or other indebtedness authorized by the qualified voters of the
 14 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of
 15 school construction, additions to schools, and major rehabilitation projects and
 16 education-related facilities that exceed \$200,000, are approved under
 17 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

18 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60
 19 percent of payments made by a municipality during the fiscal year for the retirement
 20 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness
 21 authorized by the qualified voters of the municipality on or after June 30, 1999, but
 22 before October 31, 2006, to pay costs of school construction, additions to schools, and
 23 major rehabilitation projects and education-related facilities that exceed \$200,000, are
 24 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
 25 section;

26 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after
 27 projects funded by the bonds, notes, or other indebtedness have been approved by the
 28 commissioner, 90 percent of payments made by a municipality during the fiscal year
 29 for the retirement of principal and interest on outstanding bonds, notes, or other
 30 indebtedness authorized by the qualified voters of the municipality on or after June 30,
 31 1999, but before October 31, 2006, to pay costs of school construction, additions to

schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a municipal school district under the former participating share amounts required under AS 14.11.008(b), and are not reimbursed under (n) or (o) of this section;

(16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(18) subject to (h), (i), and (j)(2), (3), and (5) of this section, 70 percent of payments made by a municipality during the fiscal year in which a charter school is operated, for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after July 1, 2014, but before December 31, 2017, to pay costs of school construction, additions to schools, and major rehabilitation projects for the purpose of operating the charter school approved under AS 14.03.250; projects reimbursed under this paragraph must exceed \$200,000 and must be reviewed under AS 14.07.020(a)(11).

* Sec. 7. AS 14.17.450(d) is amended to read:

(d) If a charter school has a student count of more than 74 [120] but less than

150 for the current year and is in the first **three years** [YEAR] of operation or had a student count of **at least 75** [150 OR MORE] in the previous year of operation,

(1) the adjusted student count for the school shall be calculated by multiplying the student count by [95 PERCENT OF] the student rate for a school that has a student count of 150; and

(2) not later than February 15, the charter school shall submit for approval of the governing board of the district a plan for the following school year that includes a statement about whether the school will continue to operate if the student count remains the same that year and, if so, a projection of the funding anticipated from the state and other sources, a proposed budget, and a description of anticipated changes to the school staff, program, and curriculum; if the school intends to close if the student count remains the same the following year, the plan must describe transfer plans for students, staff, facilities, and materials.

* **Sec. 8.** Section 3, ch. 91, SLA 2010, is repealed.

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. Sections 1 and 2 of this Act apply to charter school applications submitted for approval or renewal on and after the effective date of this Act.

* **Sec. 10.** This Act takes effect September 1, 2014.