

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

March 20, 2013

8:04 a.m.

**MEMBERS PRESENT**

Representative Lynn Gattis, Chair  
Representative Lora Reinbold, Vice Chair  
Representative Gabrielle LeDoux  
Representative Dan Saddler  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Harriet Drummond

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 133

"An Act relating to grants for school construction."

- MOVED HB 133 OUT OF COMMITTEE

HOUSE BILL NO. 93

"An Act relating to the authorization, monitoring, and operation of charter schools."

- HEARD & HELD

HOUSE BILL NO. 151

"An Act establishing a public school and school district grading system for purposes of improving accountability and transparency; providing for Alaska strategic educators in public schools; and providing for an effective date."

- BILL HEARING POSTPONED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 133

SHORT TITLE: SCHOOL CONST. GRANTS/SMALL MUNICIPALITIES

SPONSOR(S): REPRESENTATIVE(S) EDGMON

02/20/13           (H)           READ THE FIRST TIME - REFERRALS

02/20/13	(H)	EDC, FIN
03/11/13	(H)	EDC AT 8:00 AM CAPITOL 106
03/11/13	(H)	Heard & Held
03/11/13	(H)	MINUTE(EDC)
03/18/13	(H)	EDC AT 8:00 AM CAPITOL 106
03/18/13	(H)	Scheduled But Not Heard
03/20/13	(H)	EDC AT 8:00 AM CAPITOL 106

BILL: HB 93

SHORT TITLE: CHARTER SCHOOLS

SPONSOR(S): REPRESENTATIVE(S) GATTIS

01/30/13	(H)	READ THE FIRST TIME - REFERRALS
01/30/13	(H)	EDC, FIN
03/15/13	(H)	EDC AT 8:00 AM CAPITOL 106
03/15/13	(H)	Heard & Held
03/15/13	(H)	MINUTE(EDC)
03/20/13	(H)	EDC AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

TIM CLARK, Staff  
 Representative Bryce Edgmon  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Presented HB 133 on behalf of the sponsor of the bill, Representative Edgmon.

ELIZABETH SWEENEY NUDELMAN, Director  
 School Finance and Facilities Section  
 Department of Education and Early Development (EED)  
 Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion of HB 133.

TOM BEGICH, Policy Director  
 Citizens for the Educational Advancement of Alaska's Children  
 (CEAAC)  
 Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

DAVID HERBERT, Superintendent  
 Saint Mary's City School District  
 St. Mary's, Alaska

**POSITION STATEMENT:** Testified in support of HB 133.

BRUCE JOHNSON, Executive Director  
 Alaska Council of School Administrators (ACSA)

Juneau, Alaska

**POSITION STATEMENT:** Testified during discussion of HB 133.

ERICK CORDERO-GIORGANA, Chief of Staff

Representative Lynn Gattis

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Presented HB 93 on behalf of the bill sponsor, Representative Gattis.

SUSAN MCCAULEY, Director

Teaching and Learning Support

Department of Education and Early Development (EED)

Juneau, Alaska

**POSITION STATEMENT:** Testified during the discussion on HB 93.

#### **ACTION NARRATIVE**

[8:04:22 AM](#)

**CHAIR LYNN GATTIS** called the House Education Standing Committee meeting to order at 8:04 a.m. Representatives Gattis, Drummond, P. Wilson, Seaton, Saddler, and LeDoux were present at the call to order. Representative Reinbold arrived as the meeting was in progress.

#### **HB 133-SCHOOL CONST. GRANTS/SMALL MUNICIPALITIES**

[8:04:44 AM](#)

CHAIR GATTIS announced that the first order of business would be HOUSE BILL NO. 133, "An Act relating to grants for school construction."

[8:05:18 AM](#)

TIM CLARK, Staff, Representative Bryce Edgmon, Alaska State Legislature, presented a PowerPoint, titled "HB 133 School Construction Grants/Small Municipalities." [Included in members' packets] He read from slide 2: "HB 133 makes small municipal school districts that meet certain criteria eligible for school construction funding from the REAA fund. Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg." He stated that the proposed bill related to Willie and Sophie Kasayulie, et al., v. State of

Alaska, 3AN-97-3782 CI, (1999), which had identified inequitable access to construction funding for rural schools. He explained:

Most municipal districts are able to bond for school construction and subsequently access the state's debt reimbursement program. However, Regional Education Attendance Areas (REAA) as well as some small rural school districts lack taxable bases large enough to make bonding for construction possible. Therefore, REAAs and some small rural school districts can never access the guaranteed state funding that exists in the form of the bonding debt reimbursement program.

MR. CLARK read from slide 3, "The REAA Fund was established in 2010 to make a more reliable, consistent funding stream available to REAAs, none of which can bond for school construction," and he shared that they would not have access to this guaranteed funding stream in the form of debt reimbursement. He continued reading: "Some small municipal school districts are effectively in the same circumstances as REAAs." Moving on to slide 4, he stated that, "The Department of Education and Early Development Capital Improvement Projects School Construction Grant Fund List," which he declared would be referred to as "The List," "plays a central role." Directing attention to slide 5, "Paths to School Construction Funding in the Capital Budget," he declared that these pathways were the heart of the proposed bill and school construction funding. He tracked the paths to receiving school construction funding in the Capital Budget, and walked through the available means for construction funding. He declared that bonding was available to most municipal districts, as the State of Alaska subsequently reimbursed 60 - 70 percent of that annual bond debt as guaranteed by law. He described that the other path was through the school construction grant list, which was open to REAAs, small municipal school districts without bonding capability, and those districts with bonding capability, if they so choose. He explained that the Department of Education and Early Development (EED) ranked all the projects on the grant list by priority, and that the projects then awaited funding in that order of priority. He explained that a non-REAA project was reliant on legislative appropriation from the General Fund, with no guarantee to any project on the list that funds would be made available. He pointed out that an REAA project at the top of the list would have access to designated funding in the REAA fund by the legislature, with no other competition.

[8:12:29 AM](#)

REPRESENTATIVE P. WILSON asked how schools would qualify to be placed on the list.

MR. CLARK replied that there was an EED application process for assessment and addition to the list.

REPRESENTATIVE P. WILSON offered her belief that it was necessary for an architect or engineer to review the project prior to the EED.

MR. CLARK pointed out that school construction was not solely defined as an entirely new structure, and could include expansion of capacity.

[8:13:59 AM](#)

REPRESENTATIVE SADDLER directed attention to slide 5, and clarified that the list for non-REAA projects was recreated every year, so that there could always be higher priority issues such that there are schools that edge out others.

MR. CLARK expressed his agreement, and explained that the set of criteria by the department includes considerations for health and safety issues, such that a natural disaster issue could prioritize a project.

REPRESENTATIVE SADDLER pointed out that both ranking and a lack of appropriation could mean that a project would never reach the top of the list.

MR. CLARK agreed that was concern for any project on the Non-REAA project list.

CHAIR GATTIS reminded the committee that the EED had a representative available to answer any questions.

[8:15:33 AM](#)

REPRESENTATIVE LEDOUX, offering an example for a number of families settling in a remote area where there was not a school, although there were ten children, asked if a school would automatically be built to accommodate them.

MR. CLARK offered his belief that the area would need to incorporate in some form of municipality in order to receive the funding.

[8:17:05 AM](#)

ELIZABETH SWEENEY NUDELMAN, Director, School Finance and Facilities Section, Department of Education and Early Development (EED), in response, said that the arrival of 10 students to a community would not automatically entitle a school. She said that criteria for school construction would need to be met, which included identification as an attendance area, with an additional review for an area of less than 24 students.

REPRESENTATIVE LEDOUX reflected on an earlier visit to a logging camp where a school had existed in a trailer which did not appear to be an EED approved building. She reported that the logging camp had more students than many villages, and she asked why this community had not been entitled to a school.

MS. NUDELMAN explained that modular units were provided to some areas, but that any community requesting a school would need to process an application for funding and construction through EED.

[8:20:13 AM](#)

REPRESENTATIVE DRUMMOND noted that a logging camp was, by definition, a temporary location. She pointed out that the Anchorage School District had supplied as many as 150 portable classrooms. Referring to the statement on slide 5, "60-70 percent of annual bond debt, guaranteed by law," she stated that the Anchorage School District never took that for granted, even though millions of dollars were passed in bond issues. She stated that there was always a final decision for funding by the State Legislature.

MR. CLARK suggested that it would be better to state that the reimbursement program was in law.

[8:21:25 AM](#)

REPRESENTATIVE SEATON, referring to the aforementioned "The List," offered his belief that school districts were not able to receive assessment grants from [Department of Commerce, Community & Economic Development] to develop the criteria for consideration by Department of Education and Early Development (EED) to be placed on "The List." He asked if this information was correct.

MR. CLARK deferred.

MS. NUDELMAN explained that she was not familiar with a grant program for application development, but that school districts had the opportunity to apply to EED for phased funding, which included design funding for project development. She reported that some of the applications were developed in-house at the school districts, and that the application process was very clear. She stressed that there were several avenues for the school districts in preparation of the applications.

REPRESENTATIVE SEATON referred to non-REAA projects, and pointed to a large re-build project in the Anchorage School District, which the Alaska State Legislature had approved and funded.

[8:24:53 AM](#)

MR. CLARK, directing attention to slide 5, emphasized the contrast in the funding avenues for projects that were eligible for the REAA fund versus those that were non-REAA eligible. He declared that an REAA project had a greater likelihood for funding due to the availability of the fund.

REPRESENTATIVE SEATON asked to clarify that the fund had been created as a result of Willie and Sophie Kasayulie, et al., v. State of Alaska, 3AN-97-3782 CI, (1999), which had determined that rural school districts did not have the same opportunity for construction as the municipal school districts.

MR. CLARK expressed his agreement that this provided a more reliable funding stream.

[8:26:25 AM](#)

MR. CLARK read slide 6 which summarized the PowerPoint presentation:

HB 133 makes small municipal school districts that meet certain criteria eligible for the REAA fund. Five districts would currently qualify. They are Saint Mary's, Tanana, Kake, Klawock, and Hydaburg. Like REAAs, these districts are not capable of bonding and need access to the more consistent, reliable funding source the REAA Fund creates. Making them REAA Fund-eligible will further rectify the inequities in rural school construction funding identified in Kasayulie v. Alaska.

[8:27:18 AM](#)

REPRESENTATIVE P. WILSON asked who could apply to the REAA fund.

MR. CLARK replied that every REAA in the state was eligible, and that proposed HB 133 would add eligibility for these five small municipal school districts which were currently in a different category.

REPRESENTATIVE P. WILSON asked to clarify that the limited fund was being opened to more qualified school districts.

MR. CLARK explained that the practical effect on the fund was small, as the fund was annually capitalized according to a formula.

[8:29:29 AM](#)

TOM BEGICH, Policy Director, Citizens for the Educational Advancement of Alaska's Children (CEAAC), explained that CEAAC represented 21 of the 53 school districts in Alaska, and that REAAs were the choice for highest priority of funding. He declared that the members of CEAAC were in support of proposed HB 133. He pointed out that the aforementioned five small school districts had all been original members of the Kasayulie lawsuit, but had not been included in the settlement language for the REAA fund. He declared that proposed HB 133 would correct this inequity.

REPRESENTATIVE P. WILSON asked how many schools were included in REAAs.

MR. BEGICH replied that he did not have the exact number.

[8:31:30 AM](#)

REPRESENTATIVE SADDLER asked if there was any prospect for future expansion.

MR. BEGICH replied that CEAAC did not intend to ask for expansion, as the formula for REAA funding was very equitable, and only allowed for school districts without the ability to bond.

REPRESENTATIVE SADDLER asked if proposed HB 133 would dilute the availability of funds to the REAAs.

MR. BEGICH replied that there would be minimal dilution of funding to the REAAs in the next five to eight years, specifically as there were not a lot of projects currently on the list.

[8:34:11 AM](#)

REPRESENTATIVE SADDLER referred to the fourth paragraph of the Sectional Summary [Included in members' packets} and read: "The change provides that the percentage of municipal school districts that are eligible for the REAA Fund will not be included in the percentage of municipal school districts by which the annual debt service is divided in the formula." He asked for further clarification of the section.

MR. BEGICH explained that the five schools were being moved "from one end of a divisor and putting them in the other end of the divisor." He pointed out that the divisor was determined by the total amount of bonding in any given year. He reported that the current fund was a bit more than \$35 million but could not exceed \$70 million. He said that this would add an additional \$600,000 to the fund.

[8:35:51 AM](#)

MS. NUDELMAN, referring to an earlier question, said that there were 451 schools in the state, and that 136 schools were in REAA's, while the remaining 315 schools were in the city and borough school districts.

[8:36:53 AM](#)

REPRESENTATIVE REINBOLD asked how many of the REAA's had a tax base which could contribute locally to the schools.

[8:37:07 AM](#)

MS. NUDELMAN replied that as the REAA's are in unorganized areas of the state they were not organized to assess taxes similar to city and boroughs. She noted that these REAAs did occasionally receive impact aid.

[8:38:00 AM](#)

MS. NUDELMAN, in response to Representative P. Wilson, confirmed that 136 schools were eligible for the construction project list

and access to the REAA fund, and that proposed HB 133 would add 5 more schools.

[8:38:42 AM](#)

REPRESENTATIVE SADDLER offered his belief that the unorganized boroughs would eventually become organized boroughs, and asked if the REAAs would eventually become school districts.

MS. NUDELMAN replied that this was a state policy question and she would not speculate on it.

REPRESENTATIVE SADDLER asked if any REAAs had become school districts.

[8:39:49 AM](#)

MR. BEGICH, noting that the history of the state was consistent, explained that when a borough was formed the REAA became, instead, a functioning school district with a tax base. He pointed out that this decision was quite complex and was made in conjunction with the Local Boundary Commission, although it was based on the ability to have a sustainable tax base.

[8:40:40 AM](#)

REPRESENTATIVE P. WILSON, directing attention to the military base in the area between Fairbanks and Tok, asked if there was a tax base even though it was not a borough.

MR. BEGICH replied that many entities went through a long process for determination of borough formation, and that there was an initiative being considered in that area.

[8:41:46 AM](#)

REPRESENTATIVE SEATON asked if the tax from oil and gas production located in an REAA was paid to the State of Alaska.

MR. BEGICH replied that this was correct.

[8:42:38 AM](#)

DAVID HERBERT, Superintendent, Saint Mary's City School District, provided historical background to explain that the district had been excluded during the final settlement negotiations of Kasayulie as it was not an REAA school district,

but a first class city school district. He explained that a first class city school district required an annual local contribution from the city to the school district to offset the costs of its operation, whereas an REAA did not have this mandatory local contribution. He pointed out that Saint Mary's City School District was surrounded by REAA districts, all of which benefitted from the aforementioned settlement for school construction funds. He explained that the school district had taken the necessary steps to improve its position on the school construction list by writing a quality application, academically outperforming the surrounding schools, and showing a frugal fiscal responsibility. He said that it was the only small municipal school district on the school construction list to which the proposed bill would apply; therefore, the impact of the proposed bill was minimal to the state but very important to the school district.

[8:45:31 AM](#)

MR. HERBERT explained that municipalities which had bonding capacity were eligible for reimbursement up to 70 percent of construction expenses. He pointed out that the group of REAA school districts now had access to funds for school construction due to Kasayulie, with an equitable formula of funding with the municipalities. He opined that, as Saint Mary's City School District was surrounded by REAAs, it made sense for it to be included in the funding mechanism. He declared that the St. Mary's City School District had demonstrated its ability to provide quality education in Rural Alaska, and ensured that its students would become productive, contributing citizens. He urged the passage of proposed HB 133.

[8:47:41 AM](#)

REPRESENTATIVE REINBOLD commented that Anchorage had an excess of elementary school space due to the 70 percent reimbursement for school funding, and that property taxes were "taxed to the max." She asked if the current mandatory contribution would no longer be required if the proposed bill passed. She said that she was "a huge believer that the community needs to have skin in the game. They need to help develop the resources and jobs around them." She asked for a statement of support from the community that it would work with the Legislature to sustain the schools.

MR. HERBERT replied that proposed HB 133 had no impact on the required mandatory annual local contribution, which was currently about \$35,000 in Saint Mary's.

REPRESENTATIVE REINBOLD asked if this contribution was for one school and how much was the school budget.

MR. HERBERT replied that that there was only one school and its budget was about \$3 million.

REPRESENTATIVE REINBOLD mused that this mandatory contribution was about 10 percent.

MR. HERBERT explained that the mandatory local contribution rate was determined by the state.

[8:49:59 AM](#)

REPRESENTATIVE LEDOUX asked why Saint Mary's City School District had initially been a part of the lawsuit, but was then not included in the settlement.

MR. BEGICH explained that the REAA Fund was created by the Alaska State Legislature prior to settlement of the Kasayulie lawsuit, which had allowed for settlement by a consent decree that both parties would abide by this mechanism. He opined that all of the schools at the time should have been included, however the court had only named the top seven schools that were listed in the suit.

MR. HERBERT added that these five school districts were in a unique situation which needed to be addressed by the legislature in order to create funding equality.

[8:53:45 AM](#)

REPRESENTATIVE LEDOUX questioned the process of the five school districts' inclusion in the lawsuit and then removal from the settlement. She said "that just doesn't make any sense to me."

[8:54:07 AM](#)

REPRESENTATIVE P. WILSON stated that she was "a real stickler for fairness," and she declared her support for the proposed bill.

[8:55:18 AM](#)

BRUCE JOHNSON, Executive Director, Alaska Council of School Administrators (ACSA), said that David Herbert also served as the president of ACSA, and he expressed his agreement with the testimony regarding the need for a solution to this difficult situation for the five school districts.

[8:56:04 AM](#)

CHAIR GATTIS closed public testimony.

[8:56:13 AM](#)

REPRESENTATIVE SEATON said that the proposed bill would provide the opportunity for other major maintenance projects to be prioritized.

[8:57:17 AM](#)

REPRESENTATIVE DRUMMOND stated her support for adding the small school districts; however, she expressed concern for the continued funding given the projected revenues. She questioned whether the reimbursement was, indeed, "guaranteed by law."

[8:58:01 AM](#)

REPRESENTATIVE REINBOLD corrected her earlier observation, noting that Saint Mary's contributed one percent to the school budget. She emphasized that local communities needed to contribute more than this amount, and needed to create jobs and develop resources in the community.

[8:58:48 AM](#)

REPRESENTATIVE P. WILSON moved to report HB 133, labeled 28-LS0509\A, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 133 was moved from the House Education Standing Committee.

[8:59:21 AM](#)

The committee took an at-ease from 8:59 a.m. to 9:02 a.m.

**HB 93-CHARTER SCHOOLS**

[9:02:55 AM](#)

CHAIR GATTIS announced that the final order of business would be HOUSE BILL NO. 93, "An Act relating to the authorization, monitoring, and operation of charter schools." [Before the committee was the proposed committee substitute (CS) for HB 93, Version 28-LS0354\0, Mischel, 3/11/13, adopted as the working document on 3/15/13.]

[9:03:23 AM](#)

REPRESENTATIVE REINBOLD moved to adopt the proposed committee substitute (CS) for HB 93, labeled 28-LS0354\P, Mischel, 3/18/13, as the working document.

[9:04:17 AM](#)

REPRESENTATIVE P. WILSON objected for discussion.

[9:04:30 AM](#)

ERICK CORDERO-GIORGANA, Staff, Representative Lynn Gattis, Alaska State Legislature, explained that the changes to the proposed CS, Version P, page 2, line 14, removed non-profits and government agencies as authorizers and only allows accredited postsecondary institutions in the state. He directed attention to page 4, line 24, and reported that Department of Education and Early Development (EED) had been removed after testimony that EED was not eligible to receive any of the funds.

[9:06:31 AM](#)

REPRESENTATIVE LEDOUX asked to clarify that the proposed CS, Version P, did not allow certain authorizers, such as unions and Native Corporations.

MR. CORDERO-GIORGANA replied that Version P only considered post-secondary accredited institutions to be authorizers, and removed the potential for non-profits and other entities.

[9:07:16 AM](#)

REPRESENTATIVE SADDLER pointed out that this change had been made at his request, stating his belief that educational institutions "by their very nature, they have some institutional expertise and administrative capabilities necessary to perform the responsibilities envisioned for them under this legislation." He noted that these institutions also had financial resources. He opined that an expansion of these

approved authorizers for charter schools would be a good first step toward certification for other authorizers.

[9:08:15 AM](#)

REPRESENTATIVE LEDOUX asked if it was necessary for an approved post-secondary educational institution to be in the State of Alaska.

MR. CORDERO-GIORGANA directed attention to page 2, line 19, and said that the institution was required to be in the state.

REPRESENTATIVE LEDOUX asked what institutions would be included.

MR. CORDERO-GIORGANA said that he did not have a complete list.

[9:09:20 AM](#)

MR. CORDERO-GIORGANA, in response to Representative Drummond, noted that this language had been changed in Version P to only include an accredited post-secondary institution.

[9:10:15 AM](#)

CHAIR GATTIS, speaking as the sponsor of the proposed bill, said that the original version had allowed multiple authorizers, but that Representative Saddler had concern with non-educational authorizers. She stated that she "had no problem with just moving it to educational institutions within the State of Alaska" as presented in Version P.

[9:10:42 AM](#)

REPRESENTATIVE SEATON asked if the intent to allow the University of Alaska (UA) system to be an authorizer would include all the campuses, as well as the skill center in Seward.

MR. CORDERO-GIORGANA explained that the proposed bill only approved a process by EED to determine an authorizer, while the details would still need to be finalized.

REPRESENTATIVE SEATON pointed out that the definition for an authorizer was being placed in statute, and offered his opinion that it was necessary for an accredited institution to be recognized.

[9:12:36 AM](#)

REPRESENTATIVE DRUMMOND asked if there was pressure on the charter school system from non-school district organizations to create additional facilities.

MR. CORDERO-GIORGANA explained that there were more than 2,000 Alaskan students on waiting lists for Alaska charter schools, which he determined to be a "tremendous demand." He explained that charter schools, as public schools, had a duty for an equitable enrollment process. He reported that there would be advertisements in the community during enrollment periods for applications. He clarified that parents had to re-apply for the waiting list each school year.

REPRESENTATIVE DRUMMOND emphasized that a waiting list did not confirm a request by a community for a new school. She declared that many Anchorage optional and alternative educational programs also had waiting lists. She questioned the need for additional charter schools.

MR. CORDERO-GIORGANA replied that community members had made requests for new charter schools, but had met resistance by the local school districts as the current authorizers. He noted that currently there was not an appeal process. He offered his belief that there "was a natural inclination and a natural conflict of interest by local school districts, and hesitation, to allow for new charter schools."

REPRESENTATIVE DRUMMOND questioned whether additional schools would further the supervisorial responsibility for EED.

MR. CORDERO-GIORGANA expressed his agreement that the proposed bill would increase the role of EED in determining the authorizer's capability to approve, monitor, renew, or terminate a charter. He noted that the actual operation of the school was handled by the Academic Policy Committee (APC) at each school. He said that the charter schools would maintain the current autonomy for budget, schedule, calendar, and program.

[9:16:57 AM](#)

REPRESENTATIVE DRUMMOND asked to clarify that, under the proposed bill, the Alaska State Board of Education and Early Development would be the ultimate arbiter.

MR. CORDERO-GIORGANA said that the Alaska State Board of Education and Early Development still had to ratify a local

charter school application. He reported that the proposed bill created an appeal process, page 2, lines 8-12.

[9:18:11 AM](#)

REPRESENTATIVE P. WILSON offered her belief that the limitation for an authorizer in Version P "guts this whole bill." She suggested a change to allow Native organizations the opportunity to organize charter schools, with certain parameters, as "they know how their kids learn, they could really do something with this." She declared, "I don't like charter schools," and offered her belief that charter schools were not the means for upgrading the public schools.

[9:20:32 AM](#)

REPRESENTATIVE LEDOUX, in response, said that UA was most likely one of the only entities to qualify as an authorizer, and asked if there is a UA representative present to testify regarding its position on Version P.

MR. CORDERO-GIORGANA replied that there had not been a response from UA.

REPRESENTATIVE LEDOUX asked if the Blaine Amendment would be violated if there was an authorizer other than a public institution.

MR. CORDERO-GIORGANA explained that the funds to educate the students would go directly to the charter school, as a public school.

REPRESENTATIVE LEDOUX asked if there had been a legal opinion for this possibility.

[9:23:02 AM](#)

MR. CORDERO-GIORGANA replied that the drafter of the proposed bill had stated that the Blaine Amendment would not be violated as there was no direct benefit to the private groups, as this would be a public charter school. He noted that this was similar to the performance scholarship program.

[9:23:55 AM](#)

REPRESENTATIVE SADDLER expressed that he liked the educational choice offered by charter schools. He opined that, nationally,

universities were the most common authorizers for charter schools, as they had an educational mission. He pointed out that the proposed bill did not mandate or create new charter schools, but merely "opens another vector for possibility." He stated that a wait list was evidence of a desire for new charter schools. He stated his support for Version P, and expressed his appreciation that it was an opportunity, not a mandate.

[9:26:12 AM](#)

REPRESENTATIVE REINBOLD stated her support for the original bill, Version U, which was not restricted solely to the University of Alaska as an authorizer. She reported that there were long waiting lists for charter schools in her community, and that many parents were frustrated. She declared that she was a supporter for freedom of choice as "one size does not fit all." She said that charter schools "have more skin in the game, typically they have to pay a lot of their own facility costs." She opined that charter schools had increased graduation rates and higher test scores, in many incidences. She declared that she did not support a monopoly by the state as authorizers.

[9:27:39 AM](#)

REPRESENTATIVE DRUMMOND noted that the Anchorage School District received an administrative fee from the charter schools' base student allocation, and pointed out that there were administrative fees to the authorizers, as well.

MR. CORDERO-GIORGANA concurred and directed attention to Version P, page 4, line 20. He said that these fees varied with each local school district, and that there was a cap to these fees. He opined that the authorizer would be allowed to receive these fees, as well.

REPRESENTATIVE DRUMMOND expressed her confusion, and asked for clarification that the administrative costs were to be paid to the authorizer of the school. She requested a list of accredited post-secondary institutions in Alaska.

[9:30:01 AM](#)

SUSAN MCCAULEY, Director, Teaching and Learning Support, Department of Education and Early Development (EED), explained that the indirect rate, or administrative cost, applied to the local school district or the alternate authorizer permitted by

the proposed bill, and that it varied by district. She declared that it was established by the school district and approved by EED as a means to determine the permissible costs charged to a charter school in association with the administration of federal grants.

[9:31:21 AM](#)

REPRESENTATIVE SEATON directed attention to Version P, page 2, lines 24-31, and asked if the intention was that authorizers be required to review applications from any charter school in the state, and if this encourage an appeal to the State Board of Education because of locale. He noted that these authorized charter schools would not have to fulfill the requirements to public schools for the same union agreements, the same textbooks, or any of the other exemptions listed in the proposed bill.

[9:34:18 AM](#)

MR. CORDERO-GIORGANA explained that charter schools currently had these exemptions, except for labor agreements, and were not granted any other exemptions beyond those in current statute. He said that the intent was not to force new authorizers to accept every application, but to maintain the current standard statewide application process. He said that the local process by an authorizer could change, similar to that of a local school district. He pointed out that a local school district could add to the standard, and require additional conditions.

REPRESENTATIVE SEATON offered his belief that a charter school was authorized by the local school board for that local area. He pointed out that the proposed authorizer was statewide, with no constraint for local area. He opined that the use of "shall," page 2, line 24, was not workable.

MR. CORDERO-GIORGANA said that the intent of the proposed bill was not to force an authorizer to accept every application, although there would be an appeal process.

[9:37:23 AM](#)

MS. MCCAULEY pointed to Version P, page 2, line 28, which permitted an authorizer to deny an application. She offered her belief that the proposed appeal process would require the authorizer to provide reasons for the denial, although a process

had not yet been established for appeal to the Alaska State Board of Education and Early Development.

REPRESENTATIVE SADDLER suggested that the appeal process was described on page 2, line 9.

MS. MCCAULEY, in response, said that she was referring to page 2, line 28, in response to Representative Seaton.

REPRESENTATIVE SADDLER opined that the appeal was a two stage process, and that an authorizer was obliged to receive and consider an application, but was not obligated to grant them. He suggested that it would be beneficial to give authorization for the appeal process to the Alaska State Board of Education and Early Development.

[9:40:24 AM](#)

REPRESENTATIVE LEDOUX asked whether authorization shopping might occur until an application was approved.

MR. CORDERO-GIORGANA replied that it could be technically possible, but that the two tier process for approval would require proof that it was a viable project with the EED before ratification.

[9:42:00 AM](#)

REPRESENTATIVE SEATON noted that there was no evidence that local school districts were denying charter school applications. He asked for recent evidence that local school districts were inappropriately denying the ability to form charter schools.

MR. CORDERO-GIORGANA replied that although they had heard from parents, hard figures for denials were not available as people were afraid to testify for fear of retribution. He said that multiple authorizers were determined to be a best practice by the National Alliance for Public Charter Schools, as it forced the approval process to be a serious process so that applications were considered on their merit, and not conflict.

REPRESENTATIVE SEATON expressed his desire to get to the crux of the problem. He stated that there was not any evidence, beyond rumor, that the local school districts were inappropriately denying charter school applications. He opined that the proposed bill was merely solving a problem that only existed through hearsay. He asked for more evidence of these denials.

MR. CORDERO-GIORGANA said that, while serving on the school board, he had heard administrators state on the record that they did not want new charter schools. He said there was not any data because there was not an appeals process.

[9:46:54 AM](#)

REPRESENTATIVE DRUMMOND referred to a list of charter school enrollment capacity and wait list data, which indicated that over 2,000 students were wait listed for attendance. She then referred to the listed Anchorage schools, which did not show any wait list. She expressed her agreement with Representative Seaton that there did not appear to be any pressing need for more charter schools in Alaska. She said that the public records for these school board meetings would reflect whether statements of denial had been made. She asked to have further information that would include the number of seats in charter schools and whether charter school applications were being denied. She requested more data, "not rumor and innuendo and people pretending that they can't form charter schools."

[9:48:14 AM](#)

REPRESENTATIVE LEDOUX asked to clarify that, currently, there was not an appeal procedure. She asked if there was any definite criterion for denial of a charter school application.

MR. CORDERO-GIORGANA replied that there was not an appeal process at this time, and added that the application by the Thunderbird Charter School in Matanuska-Susitna had been denied by the local administration, and not even brought to the Alaska State Board of Education and Early Development. He offered an anecdote about a similar denial for a French immersion charter school in Fairbanks. He said that the minutes might not reflect this denial; however, stating that, without an appeals process, it was difficult to find this data.

MS. MCCAULEY explained that the discretion for approval was at the local level. In response to Representative Ledoux, she reported that there were criteria for the information required in a charter school application, which would document the educational mission, the plans for facilities, the service to special education students, and the intended programs. She noted that the application would be forwarded to the Alaska State Board of Education and Early Development for final approval.

REPRESENTATIVE LEDOUX asked to clarify that all of the criteria needed to be met before the local school board would qualify the application, and then forward it to the Alaska State Board of Education and Early Development. She questioned that the local school board could reject an application without record for any reason the application was not accepted.

MS. MCCAULEY repeated that the local school board had the discretion for approval or denial, and there would likely be a public record the stated reasons for approval or denial.

REPRESENTATIVE LEDOUX offered her belief that it would be difficult to obtain any data for denial without an appeal process, and she suggested the need for public disclosure of reasons for denial which could be appealed.

[9:53:31 AM](#)

REPRESENTATIVE SADDLER considered that this "was a vector not a mandate." He noted that, as the original impetus for charter schools came from parents, the appeal of denied applications would also come from parents. He opined that charter schools required the same parental involvement and commitment which had been declared to be "key to student success." He suggested that a need for charter schools would allow parents to go to an authorizer, and to have an appeals process. He summarized: "if there's no need, no desire; no harm, no foul."

[9:54:24 AM](#)

REPRESENTATIVE REINBOLD pointed out that the student population for the Anchorage School District had remained at about 49,000 students, even though the city population had significantly increased in the last 20 years. She said that many students were now attending private schools, charter schools, and home schools. She said that the graduation rate in the Anchorage schools was about 70 percent compared to a statewide graduation rate of 60 percent. She opined that it was necessary to "harness local energy, and provide these opportunities, so we can maintain some control." She offered her belief that charter schools had "more skin in the game than anyone else that I know beside home schoolers." She declared charter schools to be cost effective, and often with better outcomes. She stated that testimony on the proposed bill indicated that Alaska had "some of the worst laws in the nation. That was an objective outside, their unwilling to invest here in our state because of our laws,

are bad, we need to change this law." She declared that Alaska had "issues with our public education." She opined that it was necessary for immediate educational reform, "and anybody who's willing to help create a charter school and have skin in the game, I think we need to capitalize on that energy right now." She expressed her support for the Alaska State Board of Education and Early Development to review these applications. She declared her desire for multiple authorizers. She summarized: "we need to empower the locals and the people who're passionate about education, and get this bill outta committee, original version."

9:56:50 AM

REPRESENTATIVE SEATON reflected on the testimony that there was not any data because there was not an appeals process. He suggested that an appeals process would be appropriate for collecting information regarding local school board decision making. Instead of a new regulatory process for authorizers, it would be much more effective and economical for an appeals process. He explained that the regulatory process would require "an entire panoply of regulations that are gonna have to take place, because now there's a new relationship that's going to exist." He stated that this would include contractual requirements for record keeping, and an entire regulatory framework. He affirmed that a mandate for an appeals process requiring public disclosure from the reasons of approval or denial would resolve the dilemma for any inappropriate denial of charter school applications. He emphasized that creation of a new regulatory system was not necessary to ensure that reasonable and appropriate charter school applications were approved.

9:59:30 AM

REPRESENTATIVE DRUMMOND expressed her agreement. She confirmed that it was best to amend the existing charter school laws to provide an appeal process. She suggested that discussion with the local school districts could reveal the reasons for any application denials.

10:00:01 AM

REPRESENTATIVE P. WILSON maintained her objection to adopt the proposed committee substitute (CS) for HB 93, labeled 28-LS0354\P, Mischel, 3/18/13, as the working document.

[10:00:41 AM](#)

A roll call vote was taken. Representatives Saddler, Seaton, and Drummond voted in favor of adopting the proposed committee substitute (CS) for HB 93, labeled 28-LS0354\P, Mischel, 3/18/13, as the working document. Representatives LeDoux, Reinbold, P. Wilson, and Gattis voted against it. Therefore, Version P failed to be adopted as the working document by a vote of 3-4. [The proposed committee substitute (CS) for HB 93, labeled 28-LS0354\O, Mischel, 3/11/13, adopted as the working document on 3/15/13, was before the committee.]

[10:04:54 AM](#)

REPRESENTATIVE SEATON reminded the committee that information on denials by school boards had been requested for discussion on Version O.

[10:05:32 AM](#)

REPRESENTATIVE DRUMMOND requested additional data for charter school authorizers and a complete list of charter schools, the capacities, and the actual wait lists for the past year, as requested earlier in the meeting.

[10:06:15 AM](#)

CHAIR GATTIS declared that HB 93 would be held over.

[10:06:27 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 10:06 a.m.