

**ALASKA STATE LEGISLATURE  
HOUSE EDUCATION STANDING COMMITTEE**

March 10, 2014  
3:20 p.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 Sam Kito III (Alternate)

**MEMBERS ABSENT**

Representative Harriet Drummond

**OTHER MEMBERS PRESENT**

Representative Mike Chenault  
Representative Chris Tuck

**COMMITTEE CALENDAR**

HOUSE BILL NO. 278

"An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 278

SHORT TITLE: EDUCATION: FUNDING/TAX CREDITS/PROGRAMS  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/24/14	(H)	READ THE FIRST TIME - REFERRALS
01/24/14	(H)	EDC, FIN
02/03/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/03/14	(H)	Heard & Held
02/03/14	(H)	MINUTE(EDC)
02/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/07/14	(H)	Heard & Held
02/07/14	(H)	MINUTE(EDC)
02/10/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/10/14	(H)	Heard & Held
02/10/14	(H)	MINUTE(EDC)
02/14/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/14/14	(H)	Heard & Held
02/14/14	(H)	MINUTE(EDC)
02/17/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/17/14	(H)	Heard & Held
02/17/14	(H)	MINUTE(EDC)
02/24/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/24/14	(H)	Scheduled But Not Heard
02/26/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/26/14	(H)	Heard & Held
02/26/14	(H)	MINUTE(EDC)
02/28/14	(H)	EDC AT 8:00 AM CAPITOL 106
02/28/14	(H)	Heard & Held
02/28/14	(H)	MINUTE(EDC)
03/05/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/05/14	(H)	Heard & Held
03/05/14	(H)	MINUTE(EDC)
03/07/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/07/14	(H)	Heard & Held
03/07/14	(H)	MINUTE(EDC)
03/10/14	(H)	EDC AT 8:00 AM CAPITOL 106
03/10/14	(H)	EDC AT 3:00 PM CAPITOL 106

**WITNESS REGISTER**

SUSAN MCCAULEY, Director  
Teaching and Learning Support  
Department of Education and Early Development (EED)  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions, during the hearing  
on HB 278.

LES MORSE, Deputy Commissioner

Office of the Commissioner  
Department of Education and Early Development (EED)  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions, during the hearing on HB 278.

MIKE HANLEY, Commissioner  
Office of the Commissioner  
Department of Education and Early Development (EED)  
Juneau, Alaska

**POSITION STATEMENT:** Responded to questions, during the hearing on HB 278.

### **ACTION NARRATIVE**

[3:20:19 PM](#)

**CHAIR LYNN GATTIS** called the House Education Standing Committee meeting to order at 3:20 p.m. Representatives Gattis, Reinbold, Seaton, P. Wilson, and Kito III (Alternate), were present at the call to order. Representatives LeDoux and Saddler arrived as the meeting was in progress. Also in attendance were Representatives Chenault and Tuck.

CHAIR GATTIS stated that the meeting schedule for 3:00 p.m. will be delayed until approximately 5:00 p.m.

[5:14:58 PM](#)

CHAIR GATTIS brought the committee back to order at 5:15.

### **HB 278-EDUCATION: FUNDING/TAX CREDITS/PROGRAMS**

[5:15:47 PM](#)

CHAIR GATTIS announced that the only order of business would be HOUSE BILL NO. 278, "An Act increasing the base student allocation used in the formula for state funding of public education; repealing the secondary student competency examination and related requirements; relating to high school course credit earned through assessment; relating to a college and career readiness assessment for secondary students; relating to charter school application appeals and program budgets; relating to residential school applications; increasing the stipend for boarding school students; extending unemployment contributions for the Alaska technical and vocational education

program; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to education tax credits; making conforming amendments; and providing for an effective date."

CHAIR GATTIS noted that before the committee was CSHB 278, Version U.

[5:19:05 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 1, labeled 28-GH2716\U.1, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion. She directed attention to Version U page 1, line 5, and summarized that Amendment 1 provides a coordinated transportation effort by allowing public school buses to transport charter school children, where and when possible. The expectation is for school districts and charter schools to collaborate and join in a good faith effort to maximize existing bus routes and transportation opportunities, which is already the practice in the majority of districts. She said the "teeth" associated with the requirement will be the direction given to the transportation dollars generated by each student under the foundation formula, and whether the allocation is granted to the district or the charter school.

[5:21:16 PM](#)

REPRESENTATIVE LEDOUX stated support for Amendment 1, and said it addresses her concerns.

REPRESENTATIVE SEATON stated support for the Amendment 1, and said it supplants an amendment he was sponsoring.

CHAIR GATTIS removed her objection and, without further objection, Amendment 1 was adopted.

[5:24:56 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 2, labeled 28-GH2716\U.2, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion

[5:25:07 PM](#)

REPRESENTATIVE LEDOUX said Amendment 2 places a time limit for a school district to accept or deny an application made by a charter school, and said 60 days is proposed to represent a reasonable length of time.

[5:25:43 PM](#)

REPRESENTATIVE KITO III questioned the impact to some school districts based on the working schedule of the local school boards; the review panel. He conjectured that 60 days may be restrictive.

[5:26:14 PM](#)

REPRESENTATIVE SEATON agreed, and pointed out that the application process may not align with the meeting times of school boards; however, he said he could not offer the mechanics that might need to be considered.

[5:28:07 PM](#)

SUSAN MCCAULEY, Director, Teaching and Learning Support, Department of Education and Early Development (EED), advised that districts could establish regulations to govern internal expectations, rather than adopting a requirement in statute. She opined that Amendment 2 stipulates that the school board has 60 days, from the date the application is received, to make a decision. School boards are currently able to specify application submission deadlines to ensure workability of the process and Amendment 2 does not inhibit the continuation of such internal management practices, she said.

[5:30:04 PM](#)

REPRESENTATIVE LEDOUX, as sponsor, said that an amendment to amend the proposed 60 days would be acceptable.

MS. MCCAULEY deferred speaking to the needs of local school boards and district administrations; however, placing a statutory timeline will not preclude the districts from creating internal deadline structures to ensure compliance.

[5:31:14 PM](#)

REPRESENTATIVE P. WILSON noted that it is important to allow appropriate time for a charter school to work through the appeals process, if necessary, and stated support for the 60 day limit.

[5:32:08 PM](#)

CHAIR GATTIS suggested that a district and school board, would have knowledge, prior to receipt of an application, that a charter school was undertaking the steps to open its doors, and agreed that 60 days would be an appropriate time limit; 90 days would also be acceptable.

[5:32:39 PM](#)

REPRESENTATIVE SEATON requested assurance that the 60 days would represent an adequate length of time, given the internal process that a district would place into regulation, and allow for action to be handled in a timely manner.

MS. MCCAULEY assured that determination of an application could occur within the 60 days restriction, as proposed.

REPRESENTATIVE SEATON queried whether the internal policies and regulations would be able to stipulate when applications are due, in order to align with the variables of review board meeting schedules.

MS. MCCAULEY opined that no existing statute, or proposed language, restricts such action, and said it is already a practice of districts to impose these types of deadlines.

REPRESENTATIVE SEATON stated support for the Amendment 2.

[5:35:10 PM](#)

CHAIR GATTIS removed her objection and, without further objection, Amendment 2 was adopted.

[5:35:53 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 3, labeled 28-GH2716\U.3, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion

5:36:16 PM

REPRESENTATIVE SADDLER explained Amendment 3, which seeks to capture information on students of active-duty military families. It requires the Department of Education and Early Development (EED) to solicit and retain information on the numbers, attendance, and performance of students enrolled in the state whose parents are serving on active-duty as part of the U.S. Armed Forces, U.S. Coast Guard, Alaska National Guard, Alaska Naval Militia, and the Alaska State Defense Force. State law already requires an annual report on school and student performance including accreditation, achievement test scores, retention, dropouts, graduation rates, and enrollment changes due to transfers; however the department does not specifically count or track military students. Approximately 37,000 military dependents live in Alaska, which, he maintained, represents an important subgroup. Further, he cited the benefits for collecting this data as being helpful for a number of reasons, and paraphrased from a list which included the following [original punctuation provided]:

Help local school districts see how well they do for military students.

Help local school districts design programs to help address special challenges of military students

Improve the count of military students for purposes of [payments in lieu of taxes] (PILT), and thereby increase federal flow of funds to local school districts

Provide guidance to incoming Alaskans as they consider where they want their children to attend school

Help the [U.S. Department of Defense] (DOD) develop policies to prioritize their programs and funding -- and identify and provide necessary resources -- to help military families achieve better educational outcomes.

5:37:56 PM

REPRESENTATIVE P. WILSON questioned the removal of the "and" from Version U page 4, line 30, as proposed in Amendment 3.

The committee took an at-ease at 5:39 p.m.

[5:40:45 PM](#)

REPRESENTATIVE SADDLER offered that, for sequential order and drafting purposes, the conjunctive "and" serves to insert the substantive language of Amendment 3.

[5:42:50 PM](#)

CHAIR GATTIS asked for comment from Department of Education and Early Development and whether there is an associated cost for implementing this requirement.

[5:43:36 PM](#)

LES MORSE, Deputy Commissioner, Office of the Commissioner, Department of Education and Early Development (EED), reported that costs are anticipated but a fiscal note has not been determined specific to Amendment 3. The collection of additional reporting elements to ascertain military involvement would need to be established; however, many districts currently collect the information. The department would require a fiscal note to change the reporting system. Information regarding attendance and performance is collected on all students but lacks any reference to military status. On request of Chair Gattis, Mr. Morse provided that under similar legislation being considered this session, the first year fiscal note is \$80,000, for data system adjustments, and \$10,000 in succeeding years.

[5:46:09 PM](#)

REPRESENTATIVE SEATON asked whether the department has the ability to distinguish the children whose parents serve the Alaska Defense Force, or other military affiliation.

MR. MORSE responded that the data is not collected at the state level and deferred comment regarding district information.

REPRESENTATIVE SEATON expressed concern for reporting on all of the categories, stating that it may not be information easily obtained for the various branches of the armed services.

[5:47:34 PM](#)

CHAIR GATTIS inquired about the impetus for Amendment 3.

REPRESENTATIVE SADDLER answered that the source of interest for this stems from his participation on the Military and Veterans Affairs Task Force, as a member of the [National Conference of State Legislatures] (NCSL). The task force has identified a suggested suite of legislative initiatives to support military families, and one of the goals is to make Alaska military friendly. Members of the military may consider Alaska a more desirable post if educational information was available. The U.S. government does a good job of tracking all personnel, he pointed out, and the information of who is stationed in Alaska, along with dependents, certainly resides within federal agencies. He suggested that accessing the information could be a matter of identifying connections to link the state and federal computers.

[5:48:57 PM](#)

REPRESENTATIVE SEATON asked whether the intention is to maintain the information for internal departmental use or to make it available to the public.

REPRESENTATIVE SADDLER responded that the department is required to make an annual public report regarding performance by school, and this measure would add an additional line to parse the military aspect. Additionally, he pointed out that Alaska is a signatory to the Interstate Compact on Education of Military Children; having better information on the educational performance of military children in Alaskan schools could only enhance compact membership.

[5:50:07 PM](#)

REPRESENTATIVE KITO III questioned how the information would be collected: directly by the department or through each district.

MR. MORSE indicated that currently student/school data is collected by the districts and delivered to the department. The department views data as being owned and cared for by school districts. The department is considered an auditor, or third party monitor.

[5:50:48 PM](#)

REPRESENTATIVE SADDLER stressed that local districts already make an effort to collect military information, for on-base residency, because of the PILT allotment from the U.S. Department of Defense (DOD). He conjectured that the

information could produce enough of an advantage, due to the PILT, to create an equal offset to the fiscal note.

[5:51:35 PM](#)

REPRESENTATIVE P. WILSON interjected that every teacher will know the situation of every class parent, and stated support for Amendment 3.

[5:52:25 PM](#)

REPRESENTATIVE SADDLER said there is national support for this legislation, as indicated through the NCSL. Further, it will support other national organizations involved in assisting military families, and will prove a benefit to the DOD when making policy and funding adjustments.

[5:52:52 PM](#)

CHAIR GATTIS maintained her objection to Amendment 3, and expressed concern for the funding requirements.

[5:53:22 PM](#)

REPRESENTATIVE P. WILSON commented that the military students move around/between states, and the information could be very helpful in ensuring that student needs are being met. She opined that this type of data could prove valuable in a variety of ways, and stated support for Amendment 3.

[5:54:14 PM](#)

REPRESENTATIVE SEATON stated concern that including the Alaska State Defense Force, which, unlike the other military branches does not have federal standing, may prove problematic.

CHAIR GATTIS agreed.

[5:54:54 PM](#)

A roll call vote was taken. Representatives LeDoux, Saddler, Reinbold, and P. Wilson voted in favor of Amendment 3. Representatives Seaton, Kito III (Alternate), and Gattis voted against it. Therefore, Amendment 3 was adopted on a vote of 4-3.

[5:56:24 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 4, labeled 28-GH2716\U.4, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[5:56:42 PM](#)

REPRESENTATIVE KITO III said Amendment 4 addresses denial of a charter school application and allows for an appeal at the state level. If the state overturns the local school board it would mean the charter school could be opened and operated by the state separate from the local district and school board.

[5:57:32 PM](#)

REPRESENTATIVE P. WILSON clarified that the result could be the State School Board overseeing a charter school, similar to the administration of Mt. Edgecombe.

REPRESENTATIVE KITO III replied yes, and reminded the committee that Mt. Edgecombe is a residential boarding school operated by the state.

REPRESENTATIVE P. WILSON opined that the State School Board may be reluctant to take up the administration of charter schools.

[5:58:31 PM](#)

REPRESENTATIVE SEATON said having the State School Board authorize and operate a charter school that represents a philosophical alternative to the local school district is entirely appropriate. It would be inappropriate, he opined, to direct the local district to manage a school that it has initially denied and he stated support for Amendment 4.

[5:59:31 PM](#)

REPRESENTATIVE LEDOUX agreed with the previous member's opinion regarding the appropriateness of administration, but expressed concern for unintended consequences that could arise regarding transportation funding.

[6:01:13 PM](#)

REPRESENTATIVE P. WILSON interjected that the [average daily membership] (ADM) funding could represent a loss to the district and, thus, be the major concern of the local school board.

[6:02:03 PM](#)

MIKE HANLEY, Commissioner, Office of the Commissioner, Department of Education and Early Development (EED), reminded the committee that this issue has been discussed before, during the hearings regarding multiple authorizers for charter schools. A state authorized charter school would become its own district, much like Mt. Edgecombe, and the budget for the school would become part of the EED budget. Statutory concerns would need to be considered as currently the State Board of Education does not have purview over charter schools. Further, he agreed with Representative Wilson's opinion regarding the ADM, as the charter school would be its own district and have total autonomy.

[6:03:16 PM](#)

REPRESENTATIVE P. WILSON asked how the funding is distributed to the residential schools, such as Mt. Edgecombe.

COMMISSIONER HANLEY responded that the [base student allocation] (BSA) is paid directly to the residential school, not the district.

[6:03:46 PM](#)

REPRESENTATIVE REINBOLD offered support for the intent of Amendment 4.

[6:04:07 PM](#)

REPRESENTATIVE KITO III said Amendment 4 creates an authorizer that is not the local school board; however, in the event that an appeal results in the charter school being authorized, the district could decide to assume operation of the facility.

CHAIR GATTIS recalled that in previous committee discussion it was deemed that a hostile environment might arise if an application were overturned on appeal to the state level and a district forced to assume the responsibility.

[6:05:12 PM](#)

REPRESENTATIVE SADDLER said a reversal on the state level should not be considered an unsurmountable obstacle, and the requirement for the local level to assume a required responsibility should be an acceptable course of events.

[6:06:10 PM](#)

CHAIR GATTIS removed her objection to Amendment 4.

REPRESENTATIVE SADDLER objected.

[6:06:33 PM](#)

REPRESENTATIVE P. WILSON asked for clarity of the language allowing the local district to assume the operation of a charter school that has had a denial overturned at the state level.

REPRESENTATIVE KITO III directed attention to Amendment 4, page 1, line 8 and paraphrased the language, which read:

(g) A local school board that denied an application for a charter school approved by the state board on appeal may elect to operate the charter school ...

[6:07:00 PM](#)

A roll call vote was taken. Representatives Reinbold, Seaton, P. Wilson, LeDoux, Kito III (Alternate), and Gattis voted in favor of Amendment 4. Representative Saddler voted against it. Therefore, Amendment 4 was adopted by a vote of 6-1.

[6:08:08 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 5, labeled 28-GH2716\U.5, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[6:08:35 PM](#)

REPRESENTATIVE KITO III introduced Amendment 5, which addresses the statute that allows school districts to bond for school projects. In larger communities "most of their space has been built out," he said, for purposes of accommodating the neighborhood public schools. Bonding for purposes of renovation, or to build new, for charter school purposes, is no

longer eligible or perhaps only at the 60 percent reimbursement level. He explained that Amendment 5 adds a new section to allow charter school bonding at the 70 percent reimbursement level, and encompasses renovation costs as well as new building endeavors. In responding to a request from Chair Gattis, he shared that his recent work history includes over five years with EED directly involved with the bond debt reimbursement and grant programs.

The committee took an at-ease from 6:11 p.m. to 6:19 p.m.

[6:19:33 PM](#)

REPRESENTATIVE KITO III pointed out that a bond debt reimbursement could be sought for charter school purposes at the 70 percent level under this measure. Further, an incentive for reconfiguration or renovation to provide charter school facilities would be encouraged, he suggested, by repurposing existing public buildings, as allowed under Amendment 5.

[6:20:46 PM](#)

REPRESENTATIVE REINBOLD expressed interest in providing equality for charter schools, and stated support for the Amendment 5.

[6:21:41 PM](#)

REPRESENTATIVE SEATON offered that a problem may arise if a district has attendance numbers that are declining and school space exists, in which case bond eligibility may remain at the 60:40 ratios. He agreed that this proposal could be effective for repurposing existing facilities; mentioned the Homer neighborhood school sharing space with the local charter school in an arrangement that works well; and stated support for Amendment 5.

[6:23:06 PM](#)

REPRESENTATIVE SADDLER agreed with previous comments, and stated support for Amendment 5.

CHAIR GATTIS withdrew her objection and, without further objection, Amendment 5 was adopted.

[6:24:09 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 6, labeled 28-GH2716\U.18, Martin/Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[6:24:18 PM](#)

REPRESENTATIVE KITO III introduced Amendment 6, which provides sunset date changes for two statutes that allow the state to maintain a place marker for participating in a federal funding program pertaining to the operation of charter school facilities. He explained that by extending the sunset date, should federal reauthorization occur, the state would be in a position to take advantage of the option and engage in the grant program.

REPRESENTATIVE REINBOLD stated support for Amendment 6.

[6:26:27 PM](#)

REPRESENTATIVE LEDOUX clarified that the state has participated in the past but the enabling legislation is due to sunset.

REPRESENTATIVE KITO III concurred and said the state was not able to participate in the past due to mitigating circumstances, but it may in the future if Amendment 6 passes and the statute remains active.

[6:27:19 PM](#)

CHAIR GATTIS stated her understanding that the statute has not experienced sunset, but is in the process, and Amendment 6 will "keep the door open" in the event that federal funds become available.

[6:27:53 PM](#)

REPRESENTATIVE P. WILSON asked about the authority for the existing statute and whether it is a mandate.

[6:28:16 PM](#)

REPRESENTATIVE KITO III said no mandate or directive exists, but it would require the legislature to approve matching funds.

[6:28:41 PM](#)

REPRESENTATIVE REINBOLD offered response, paraphrasing from a prepared statement, which read [original punctuation provided]:

Section 3, Chapter 91, SLA (Session Law of Alaska) 2010 established a supplemental charter school facilities construction, lease, and major maintenance grant program.

This language was put in statute to require the Department to apply for and award federal funding made available under the grant program.

There was also a provision for the state to allocate an amount not less than \$1 for each pupil enrolled in a charter school for a school district or regional educational attendance area.

[Amendment 6] removes the July 1, 2015 sunset date to allow for the continuation of this program.

While there have been no grants awarded under this program, this will allow for the program to remain once federal funds become available.

[6:29:45 PM](#)

MR. MORSE said the summary by Representative Reinbold was entirely accurate and comprehensive.

[6:30:16 PM](#)

REPRESENTATIVE SADDLER asked for a forecast on the possibility for reauthorization and availability of funds.

MR. MORSE reported that there has been conversation, at the national level, but nothing thus far on the horizon. To a follow-up question, he said the state has received no funding to date, under the grant program.

CHAIR GATTIS removed her objection and, without further objection, Amendment 6 was adopted.

[6:31:47 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 7, labeled 28-GH2716\U.19, Martin/Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[6:32:02 PM](#)

REPRESENTATIVE KITO III said Amendment 7 stipulates that a charter school, housed in a repurposed public facility, will operate under the caveat that local students retain a first right of refusal option for attendance.

[6:32:57 PM](#)

REPRESENTATIVE REINBOLD stated support for Amendment 7.

[6:33:11 PM](#)

REPRESENTATIVE LEDOUX conjectured on the current obligation for local school boards to provide neighborhood schools in a district. She theorized what the outcome would be if a "thin majority," 51 percent of the parents, decided to have the neighborhood school be a Russian immersion charter school, and 49 percent oppose; would the school district be obligated to provide an option for the dissenting families.

[6:35:29 PM](#)

REPRESENTATIVE KITO III said the charter school application process would address the neighborhood resident interests, thus minimizing the possibility of a thin majority rule. Further, he reminded that the state constitution requires an education be provided to students; not necessarily via neighborhood schools.

[6:36:19 PM](#)

CHAIR GATTIS said it could be looked at from both directions and questioned whether the state is required to provide for charter schools.

[6:36:34 PM](#)

REPRESENTATIVE SEATON offered an example of the Homer facility that houses the neighborhood school and the charter school; both technically public schools. He expressed concern for Amendment 7 line 16, which reads: "... shall transfer the operation of the

school," ... indicating an all or nothing approach and perhaps disallowing the option for sharing a facility. A friendly amendment may be forthcoming following further discussion, he finished.

The committee took an at-ease from 6:37 p.m. to 6:45 p.m.

[6:45:10 PM](#)

REPRESENTATIVE KITO III withdrew Amendment 7.

[6:49:27 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 8, labeled 28-GH2716\U.6, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[6:49:46 PM](#)

REPRESENTATIVE REINBOLD explained that Amendment 8 deletes [the title language] "school application appeals and program budgets".

[6:50:06 PM](#)

REPRESENTATIVE SEATON pointed out that Amendment 8 would allow authorizers, possibly from outside the state, be named as the responsible party for ensuring the implementation of state law regarding the operation of charter schools. He referred to Amendment 4, previously adopted, and opined that it represents a better approach. With that in mind, he said he could not support Amendment 8.

[6:50:56 PM](#)

REPRESENTATIVE REINBOLD said that Amendment 8, unlike Amendment 4, would allow for the possibility of multiple authorizers.

[6:52:12 PM](#)

REPRESENTATIVE LEDOUX expressed concern that Amendment 8 allows an outside entity to approve a charter facility that has been denied and upheld by the commissioner's office. She stated reservation for supporting Amendment 8.

[6:53:21 PM](#)

COMMISSIONER HANLEY agreed with Representative LeDoux's concern and said multiple authorizers could be sought, and having chosen to authorize a school, govern it in as a unique district. The district would not be defined by geographic location but by authorization. He suggested that Amendment 8 does not provide clarity on several points; however, Amendment 4 does include authorization specifics.

[6:54:38 PM](#)

REPRESENTATIVE P. WILSON theorized that, following two local and in-state denials, a group of parents might seek, and find, outside authorization and become an independent school district.

COMMISSIONER HANLEY agreed that it could be possible if a group were simply searching for an entity that would finally say, "Yes," to a proposal. He suggested the committee consider the effort necessary for an outside entity to administer a school within Alaska and the significant amount of statutory and regulatory language that would be required.

[6:56:14 PM](#)

CHAIR GATTIS opined that multiple authorizers could be a means to allow various entities within the state to govern schools that best serve their area in a direct manner, such as Native Corporations and organizations, and clarified that having outside authorizers administering Alaskan schools is not an approach that she intends to support. However, given a dwindling state budget, options need to be considered and may include multiple entities involved in the school system.

[6:57:21 PM](#)

REPRESENTATIVE SADDLER moved Conceptual Amendment 1 to Amendment 8, as follows:

Line 9:

Following: "is located in the state"

Delete: "or outside the state"

REPRESENTATIVE REINBOLD withdrew Amendment 8.

[6:58:58 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 9, labeled 28-GH2716\U.7, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

The committee took an at-ease from 6:59 p.m. to 7:01 p.m.

[7:01:12 PM](#)

REPRESENTATIVE GATTIS announced Amendment 9 withdrawn.

[7:03:09 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 10, labeled 28-GH2716\U.8, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[7:03:42 PM](#)

REPRESENTATIVE SEATON directed attention to Version U page 13, line 9, and said Amendment 10 inserts a subsection to require reports from the various [Technical and Vocational Education Program] (TVEP) facilities for evaluation purposes. He offered that Amendment 10 will ensure that the legislature will receive information on TVEP, in order to determine the efficiency and efficacy of the programs and, thus, allocate funds appropriately.

[7:05:09 PM](#)

COMMISSIONER HANLEY said the governor added two components to the TVEP section of the bill: require those institutions receiving the TVEP funding to offer dual credits; and an articulation agreement. He said Amendment 10 adds to the effort by allowing the Department of Labor & Workforce Development (DLWD) to ascertain whether the facilities are accomplishing training goals. He deferred further comment to DLWD.

[7:06:05 PM](#)

CHAIR GATTIS opined that reporting needs to be beefed up and stated support for Amendment 10.

[7:06:26 PM](#)

REPRESENTATIVE SADDLER asked for an explanation of an articulation agreement, as mentioned on page 13, line 9.

COMMISSIONER HANLEY said it is a specific agreement, which in this case details the partnership between a school and a TVEP facility to allow a student to earn dual credits.

CHAIR GATTIS removed her objection and, without further objection Amendment 10 was adopted.

[7:09:19 PM](#)

REPRESENTATIVE REINBOLD moved Amendment 11, labeled 28-GH2716\U.10, Mischel, 3/10/14 [text provided at the end of this document].

CHAIR GATTIS objected for discussion.

[7:10:07 PM](#)

REPRESENTATIVE SEATON explained that Amendment 11 addresses how the denial of a charter school application would be appealed to the commissioner of EED and ultimately remanded or upheld. Amendment 11 would allow the commissioner to act as the final authority and, if remand is decided, also moderate the situation at the local level. He said this would eliminate the need for extensive statutory and regulatory review, the involvement of outside entities, and eliminate the requirement for the State School Board to administrate a charter school. He noted that Amendment 4 had similar intent and asked for comment from the department on how the two amendments compare for arriving at the intended goal. In response to a protocol question from Representative Wilson, he said that, should Amendment 11 be adopted and having previously adopted Amendment 4, the committee will choose the one which accomplishes the required intent and rescind the other.

The committee took an at-ease at 7:14 p.m.

[7:15:49 PM](#)

REPRESENTATIVE LEDOUX asked about the relationship between Amendment 4 and Amendment 11.

REPRESENTATIVE SEATON clarified that Amendment 4 and Amendment 11 both address the same section of the bill, and offer two approaches to satisfy similar intent.

[7:16:50 PM](#)

COMMISSIONER HANLEY explained that Amendment 4 states that a denied charter school application could be appealed to the commissioner's office and, if approved, the Alaska State School Board would become the multiple authorizers with the requirement to establish a unique school district, and act as the administrator. Statutory changes would need to be adopted for the state board to assume administrative authority, as well as the complex of other duties inherent to initializing a school district. He explained his understanding that Amendment 11 reduces the ability of the commissioner when an appeal is submitted, pointing out that HB 278 allowed the commissioner to handle a denial via three options: confirmed, approved, or remanded. Amendment 11 removes the option for approval, but does provide for an additional level of review.

[7:18:35 PM](#)

CHAIR GATTIS stated that Amendment 4 is more appealing due to the intent it proposes for invoking a higher level of local involvement.

[7:19:01 PM](#)

REPRESENTATIVE LEDOUX noted that Amendment 11 does not appear to allow the commissioner to reject the denial, only to remand it back to the district, and directed attention to page 1, line 8, to paraphrase the language, which read:

If the commissioner finds that the denial is supported by substantial evidence and not contrary to law, the commissioner shall uphold the denial of the application.

REPRESENTATIVE LEDOUX asked for clarification for how the department would expect to address this type of situation, stating that it appears that the commissioner would have no authority.

COMMISSIONER HANLEY said a determination would need to be made to ensure that the denial was fact based.

REPRESENTATIVE LEDOUX offered a theoretical scenario and pointed out that the language does not provide the commissioner with the authority to make a final determination.

[7:21:53 PM](#)

REPRESENTATIVE SADDLER interpreted that Amendment 11 allows for two options for the commissioner: uphold the school districts denial, if it is legal and appropriately supported by evidence; or request additional information from the school district or charter school applicant. He said if the commissioner were to find that the school district's denial was not supported by substantial evidence, Amendment 11 language does not allow the commissioner to uphold the denial.

COMMISSIONER HANLEY said the members interpretations appear to be clear and he deferred further comment.

[7:22:48 PM](#)

REPRESENTATIVE P. WILSON stated her understanding that one of the main differences is that, unlike Amendment 4, Amendment 11 does not require the establishment of a new school district, which, she opined, "is a good idea." She agreed with the need for the commissioner to have the authority to uphold a denial that is contrary to law.

[7:23:57 PM](#)

REPRESENTATIVE KITO III suggested that it would be important to allow the commissioner to request additional information on an application, and also to ensure that the commissioner would have the authority for approval. He referred to Amendment 11, lines 12-13, and asked the sponsor whether an amendment to the amendment, for the purpose of retaining subsection (e) proposed for deletion, would be acceptable.

[7:24:40 PM](#)

REPRESENTATIVE SEATON said, "I don't think so." The commissioner's role would be as the referee in the middle, not granting approval. The local school board must submit a final denial or approval to the Alaska State School Board. He pointed out that, as adopted, Amendment 4 provides a route for applications to follow, and opined that the two amendments are not in conflict. The commissioner would become a mediator and review information from the local school board; however, the

final authority would rest with the state board. He said Amendment 4 language will also be included, and Amendment 11, if amended, would still allow the commissioner to act as an intermediary reviewing information and assisting with negotiations. The expectation would be that, with the commissioner and local school board working together, the state board would receive approved applications, rather than denials.

[7:27:19 PM](#)

REPRESENTATIVE KITO III offered [Conceptual] Amendment 1 to Amendment 11, as follows:

Line 12:

Delete: "Page 6, lines 8-24:"

Line 13:

Delete: "Delete all material."

[Without objection, Conceptual Amendment 1 to Amendment 11 was treated as adopted.]

[7:27:48 PM](#)

REPRESENTATIVE LEDOUX said it appears that, if the commissioner denies the application, there is no appeal to the Alaska State School Board, and directed attention to page 6, lines 5-7, to paraphrase the language, which read:

A decision of the commissioner upholding the denial by the local school board is a final decision not subject to appeal to the state Board of Education and Early Development.

REPRESENTATIVE LEDOUX stated her understanding that the state Board of Education and Early Development and the Alaska State School Board are separate entities, and questioned the role each plays in the application appeals process.

COMMISSIONER HANLEY responded that existing statute requires all denials and approvals be directed to the [Alaska] State School Board. As Version U addresses the process, he interpreted, the state board does not receive it on appeal, but the denial would have been submitted on an informational basis. The state board requires the approval of the local district in order to also provide approval; however, the state board would not look at the application as an appeal item.

REPRESENTATIVE LEDOUX questioned whether the State Board of Education and the State School Board are the same entities.

[7:30:48 PM](#)

REPRESENTATIVE SEATON pointed out that Amendment 4 alters how the state board will be authorized to act on applications and allows it to overturn denials; not on appeal but as a reversal.

[7:31:26 PM](#)

REPRESENTATIVE P. WILSON offered her understanding of Amendment 4, which, if an application is denied by the local school [board] as well as the commissioner, authority is granted to the state board to approve the application and create a separate school district.

[7:31:52 PM](#)

CHAIR GATTIS noted that her understanding would not include the creation of additional school districts.

COMMISSIONER HANLEY clarified that following two denials, by the local school board and by the commissioner, an application would be presented to the state board as an information item, not on appeal. However, if the commissioner determines that the application is worthy of approval, the state board would receive two opinions and may agree with the commissioner to approve. He explained that Amendment 4 stipulates that, if the state board provides approval under the aforementioned circumstance, the state board will assume full responsibility for the school as a separate entity from the local school district. To a follow-up question from Representative P. Wilson, he confirmed that, under Amendment 4, the state board would establish a new school district in order to accommodate an approved school.

[7:33:02 PM](#)

REPRESENTATIVE SADDLER directed attention to Amendment 4 lines 8-9, to review the language, which read:

(g) A local school board that denied an application for a charter school approved by the state board on appeal...

REPRESENTATIVE SADDLER compared how Amendment 4 allows the state board to consider an appeal, but the language of Version U page 6, indicates that it may not.

COMMISSIONER HANLEY offered that the language in Amendment 4 requires an appeal to first be approved by the commissioner prior to it being submitted to the state board. The current language indicates that two denials would be received by the state board [one from the local school district and one from the commissioner].

[7:34:37 PM](#)

REPRESENTATIVE KITO III expressed his understanding that the intent is for the state board to reaffirm the action of the commissioner rather than act as an adjudicating party.

[7:35:40 PM](#)

CHAIR GATTIS maintained her objection to Amendment 11, as amended.

[7:37:01 PM](#)

A roll call vote was taken. Representatives Seaton, P. Wilson, and Kito III (Alternate), voted in favor of Amendment 11, as amended. Representatives Reinbold, LeDoux, Saddler, and Chair Gattis voted against it. Therefore, Amendment 11, as amended, failed by a vote of 3-4.

Following is the text for Amendments 1-11:

**Amendment 1, labeled 28-GH2716\U.1, Mischel, 3/10/14:**

Page 1, line 5:

Delete "school application appeals and program budgets"

Insert "schools and student transportation"

Page 7, line 14:

Delete "AS 14.17.420(a)(1),"

Insert "AS 14.17.420(a)(1) and"

Page 7, lines 15 - 16:

Delete ", and student transportation under AS 14.09.010"

Page 9, following line 11:

Insert a new bill section to read:

"\* **Sec. 14.** AS 14.09.010 is amended by adding new subsections to read:

(e) A school district that provides transportation services under this section shall provide transportation services to students attending a charter school operated by the district under a policy adopted by the district. The policy must

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

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

(3) be approved by the department.

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

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

Renumber the following bill sections accordingly.

Page 11, line 25:

Delete "sec. 17"

Insert "sec. 18"

Page 11, line 28:  
Delete "sec. 17 and 18"  
Insert "sec. 18 and 19"

Page 21, line 10:  
Delete "Sections 20 and 38"  
Insert "Sections 21 and 39"

Page 21, line 11:  
Delete "Sections 15, 16, and 17"  
Insert "Sections 16, 17, and 18"

Page 21, line 12:  
Delete "18, and 21 - 23"  
Insert "19, and 22 - 24"

Page 21, line 13:  
Delete "Section 19"  
Insert "Section 20"

Page 21, line 14:  
Delete "Sections 25, 28, 31, and 34"  
Insert "Sections 26, 29, 32, and 35"

Page 21, line 15:  
Delete "secs. 39 - 43"  
Insert "secs. 40 - 44"

**Amendment 2, labeled 28-GH2716\U.2, Mischel, 3/10/14:**

Page 5, line 26, following "writing":  
Insert ", must be issued within 60 days after the application,"

**Amendment 3, labeled 28-GH2716\U.3, Mischel, 3/10/14:**

Page 1, line 4, following "**students;**":  
Insert "**relating to public school performance reports;**"

Page 4, line 30:  
Delete "and"  
Insert "[AND]"

Page 5, line 1, following "regulation":

Insert "; and  
(10) information on the number, attendance, and  
performance of students enrolled in the school whose  
parents or guardians are on active duty in the armed  
forces of the United States, the United States Coast  
Guard, the Alaska National Guard, the Alaska Naval  
Militia, or the Alaska State Defense Force"

**Amendment 4, labeled 28-GH2716\U.4, Mischel, 3/10/14:**

Page 6, following line 13:

Insert new subsections to read:

"(f) Except as provided in (g) of this section, the state board shall operate a charter school that has been approved by the state board on appeal of a denial of the charter school application by the local school board under the laws governing the operation and maintenance of a charter school, as if the state board were a school district.

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

**Amendment 5, labeled 28-GH2716\U.5, Mischel, 3/10/14:**

Page 1, line 5:

Delete "school application appeals and program budgets"

Insert "schools; relating to school construction bonds"

Page 9, following line 11:

Insert a new bill section to read:

"\* **Sec. 14.** AS 14.11.100(a) is amended to read:

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

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

(2) 90 percent of

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

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

(3) 90 percent of

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

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

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

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after December 31, 1981, and authorized by the qualified voters of the municipality before July 1, 1983, 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);

(B) cash payments made after June 30, 1982, and before July 1, 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 under AS 14.07.020(a)(11); and

(C) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$25,000 and are submitted to the department for approval under AS 14.07.020(a)(11) before July 1, 1983, and approved by the qualified voters of the municipality before October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the annual growth rate of average daily membership of the municipality is more than 7 percent but less than 12 percent, or (ii) \$20,000,000 if the annual growth rate of average daily membership of the municipality is 12 percent or more; payments made by a municipality under this subparagraph on total 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 commissioner, 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 July 1, 1995, but before July 1, 1998, 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);

(9) 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

commissioner, 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 July 1, 1998, but before July 1, 2006, 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);

(10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 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 June 30, 1998, to pay costs of school construction, additions to schools, and major rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) of this section;

(11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the 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 bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, 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 (n) or (o) of this section;

(12) 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 bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before January 1, 2005, 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 (n) or (o) of this section;

(13) subject to (h), (i), (j)(2) - (5), and (p) 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 June 30, 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), and are not reimbursed under (n) or (o) of this section;

(14) subject to (h), (i), (j)(2), (3), and (5), and (p) 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 June 30, 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 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

(15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 90 percent of payments made by a 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 June 30, 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)."

Page 11, line 25:  
Delete "sec. 17"  
Insert "sec. 18"

Page 11, line 28:  
Delete "secs. 17 and 18"  
Insert "secs. 18 and 19"

Page 21, line 10:  
Delete "Sections 20 and 38"  
Insert "Sections 21 and 39"

Page 21, line 11:  
Delete "Sections 15, 16, and 17"  
Insert "Sections 16, 17, and 18"

Page 21, line 12:  
Delete "18, and 21 - 23"  
Insert "19, and 22 - 24"

Page 21, line 13:  
Delete "Section 19"  
Insert "Section 20"

Page 21, line 14:  
Delete "Sections 25, 28, 31, and 34"  
Insert "Sections 26, 29, 32, and 35"

Page 21, line 15:  
Delete "secs. 39 - 43"  
Insert "secs. 40 - 44"

**Amendment 6, labeled 28-GH2716\U.18, Martin/Mischel, 3/10/14:**

Page 20, following line 21:

Insert a new bill section to read:

"\* **Sec. 36.** Section 3, ch. 91, SLA 2010, is repealed."

Renumber the following bill sections accordingly.

Page 21, line 10:  
Delete "Sections 20 and 38"  
Insert "Sections 20 and 39"

Page 21, line 15:  
Delete "secs. 39 - 43"  
Insert "secs. 40 - 44"

**Amendment 7, labeled 28-GH2716\U.19, Martin/Mischel, 3/10/14:**

Page 1, line 5:

Delete "school application appeals and program budgets"

Insert "schools"

Page 5, line 23, following "employees":

Insert ", provisions for conversion of an existing school in the district to a charter school,"

Page 5, following line 30:

Insert a new subsection to read:

"(d) A school district shall assist a charter school applicant in converting an existing school operating in the district to a charter school if the applicant demonstrates, to the satisfaction of the district, that a majority of the parents and guardians of students enrolled in the school support conversion to a charter school. On approval of the school board and the state board under (c) of this section, the district shall transfer the operation of the school, along with furnishings, materials, and fixtures, to the advisory body of the charter school for use by the charter school for the duration of the charter. The school district shall, however, continue to pay costs associated with operating the facility from the district budget and may not charge rent or other expenses of the facility to the charter school."

Reletter the following subsections accordingly.

Page 7, following line 20:

Insert new bill sections to read:

"\* **Sec. 10.** AS 14.03.265(a) is amended to read:

(a) The program of a charter school may be designed to serve

- (1) students within an age group or grade level;
- (2) students who will benefit from a particular teaching method or curriculum; [OR]
- (3) nonresident students, including providing domiciliary services for students who need those services, if approved by the board; or
- (4) students who attended a public school that was converted to a charter school under AS 14.03.250(d).**

\* **Sec. 11.** AS 14.03.265 is amended by adding a new subsection to read:

(d) Notwithstanding the requirements for admission under (b) of this section, a charter school that was converted from another public school shall accept applicants for admission in the following order of priority on a space available basis:

- (1) students who were enrolled in the school before the school was converted to a charter school;
- (2) students who reside in the attendance area of the school;
- (3) all other applicants."

Renumber the following bill sections accordingly.

Page 11, line 25:

Delete "sec. 17"

Insert "sec. 19"

Page 11, line 28:

Delete "secs. 17 and 18"

Insert "secs. 19 and 20"

Page 21, line 10:

Delete "Sections 20 and 38"

Insert "Sections 22 and 40"

Page 21, line 11:

Delete "Sections 15, 16, and 17"

Insert "Sections 17, 18, and 19"

Page 21, line 12:  
Delete "18, and 21 - 23"  
Insert "19, and 23 - 25"

Page 21, line 13:  
Delete "Section 19"  
Insert "Section 21"

Page 21, line 14:  
Delete "Sections 25, 28, 31, and 34"  
Insert "Sections 27, 30, 33, and 36"

Page 21, line 15:  
Delete "secs. 39 - 43"  
Insert "secs. 41 - 45"

**Amendment 8, labeled 28-GH2716\U.6, Mischel, 3/10/14:**

Page 1, line 5:

Delete "school application appeals and program budgets"

Insert "schools"

Page 6, following line 13:

Insert a new subsection to read:

"(f) If the commissioner upholds the denial by the local school board of a charter school application, a charter school applicant may apply to another entity that is located in the state or outside the state for approval of the charter school in the state. The other entity may approve the establishment of the charter school under regulations adopted by the department."

**Amendment 9, labeled 28-GH2716\U.7, Mischel, 3/10/14:**

Page 1, line 8:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 1, line 18:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 2, line 5:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 2, line 15:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 2, line 25:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 3, line 4:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 3, line 14:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

Page 3, line 24:  
Delete "nonprofit agency"  
Insert "for profit or nonprofit agency"

**Amendment 10, labeled 28-GH2716\U.8, Mischel, 3/10/14:**

Page 13, line 5:  
Delete "and"

Page 13, line 9, following "agreement":  
Insert "; and"

(8) the performance and financial information needed to verify the performance of the program as specified by the department by regulation"

**Amendment 11, labeled 28-GH2716\U.10, Mischel, 3/10/14:**

Page 6, line 5, following "law.":

Insert a new subsection to read:

"(e) On appeal, the commissioner may request written supplementation of the record from the applicant or the local school board. The commissioner shall make written findings regarding the application. If the

commissioner finds that the local school board's decision is not supported by substantial evidence or is contrary to law, the commissioner shall remand the appeal to the local school board for further review consistent with the findings. If the commissioner finds that the denial is supported by substantial evidence and not contrary to law, the commissioner shall uphold the denial of the application."

Page 6, lines 8 - 24:  
Delete all material.

Renumber the following bill sections accordingly.

Page 11, line 25:  
Delete "sec. 17"  
Insert "sec. 16"

Page 11, line 28:  
Delete "secs. 17 and 18"  
Insert "secs. 16 and 17"

Page 20, line 31:  
Delete "Sections 6 and 7"  
Insert "Section 6"

Page 21, line 1:  
Delete "apply"  
Insert "applies"

Page 21, line 10:  
Delete "Sections 20 and 38"  
Insert "Sections 19 and 37"

Page 21, line 11:  
Delete "Sections 15, 16, and 17"  
Insert "Sections 14, 15, and 16"

Page 21, line 12:  
Delete "18, and 21 - 23"  
Insert "17, and 20 - 22"

Page 21, line 13:  
Delete "Section 19"  
Insert "Section 18"

Page 21, line 14:

Delete "Sections 25, 28, 31, and 34"  
Insert "Sections 24, 27, 30, and 33"

Page 21, line 15:  
Delete "secs. 39 - 43"  
Insert "secs. 38 - 42"

[HB 278 was held over].

[7:37:19 PM](#)

CHAIR GATTIS thanked the participants and adjourned the meeting.

**ADJOURNMENT**

There being no further business before the committee, the House Education Standing Committee meeting was adjourned at 7:37 p.m.