

**ALASKA STATE LEGISLATURE**  
**SENATE EDUCATION STANDING COMMITTEE**

March 26, 2014  
8:00 a.m.

**MEMBERS PRESENT**

Senator Gary Stevens, Chair  
Senator Mike Dunleavy, Vice Chair  
Senator Bert Stedman  
Senator Berta Gardner

**MEMBERS ABSENT**

Senator Charlie Huggins

**COMMITTEE CALENDAR**

SENATE BILL NO. 185

"An Act relating to the funding of charter schools; and relating to the conversion of existing public schools to charter schools."

- HEARD & HELD

SENATE BILL NO. 107

"An Act relating to school and school district accountability; relating to the duties of the Department of Education and Early Development; and establishing a reading program for public school students enrolled in grades kindergarten through three."

- MOVED CSSB 107(EDC) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: SB 185

SHORT TITLE: CHARTER SCHOOLS: FUNDING, FACILITIES

SPONSOR(s): SENATOR(s) GARDNER

02/21/14	(S)	READ THE FIRST TIME - REFERRALS
02/21/14	(S)	EDC, FIN
03/26/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

BILL: SB 107

SHORT TITLE: ESTABLISH K THROUGH 3 READING PROGRAM

SPONSOR(s): SENATOR(s) STEVENS

01/22/14	(S)	PREFILE RELEASED 1/10/14
01/22/14	(S)	READ THE FIRST TIME - REFERRALS
01/22/14	(S)	EDC, FIN
01/29/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
01/29/14	(S)	Heard & Held
01/29/14	(S)	MINUTE(EDC)
02/10/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
02/10/14	(S)	Heard & Held
02/10/14	(S)	MINUTE(EDC)
03/12/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/12/14	(S)	Heard & Held
03/12/14	(S)	MINUTE(EDC)
03/18/14	(S)	EDC WAIVED PUBLIC HEARING NOTICE,RULE 23
03/21/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)
03/21/14	(S)	Heard & Held
03/21/14	(S)	MINUTE(EDC)
03/26/14	(S)	EDC AT 8:00 AM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

NOAH HANSON, Staff  
 Senator Berta Gardner  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Presented SB 185 on behalf of the sponsor.

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

**POSITION STATEMENT:** Answered questions related to SB 185.

PAUL PRUSSING, Director  
 Teaching and Learning Support  
 Department of Education and Early Development (DEED)  
 Juneau, Alaska

**POSITION STATEMENT:** Answered questions related to SB 185.

TIM LAMKIN, Staff  
 Senator Gary Stevens  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Described the changes in SB 107, version N.

**ACTION NARRATIVE**

[8:00:04 AM](#)

**CHAIR GARY STEVENS** called the Senate Education Standing Committee meeting to order at 8:00 a.m. Present at the call to order were Senators Gardner, Stedman, Dunleavy, and Chair Stevens.

**SB 185-CHARTER SCHOOLS: FUNDING, FACILITIES**

[8:00:24 AM](#)

CHAIR STEVENS announced the consideration of SB 185. He said version U was before the committee.

[8:00:56 AM](#)

SENATOR BERTA GARDNER, Alaska State Legislature, Juneau, Alaska, sponsor of SB 185, noted that school choice is a popular topic this session. She said people in the Anchorage area love optional schools, especially charter schools. She provided an update on the status of charter schools in Anchorage. She described some of the problems of current charter schools and said the bill will address some of the impediments to charter schools and inequities in funding.

She gave examples of configurations of charter schools, such as Winterberry, which contracted with a private developer to build the school on privately owned land. Some charter schools are in abandoned school district buildings. She noted, in cases where charter schools pay rent, they use up their budget. She maintained that the bill's solution is not perfect, but it's a start. She requested feedback from the committee and the public.

[8:04:34 AM](#)

NOAH HANSON, Staff, Senator Berta Gardner, Alaska State Legislature, Juneau, Alaska, presented SB 185 on behalf of the sponsor. He explained that the bill has three main components, an application for converting a neighborhood school into a charter school, it reestablishes the state start-up grant fund, and it adds a 10 percent increase to the BSA for charter schools.

CHAIR STEVENS asked Mr. Hanson to repeat the items.

MR. HANSON did so.

MR. HANSON addressed the sectional:

Section 1 amends AS 14.032.50, the establishment of charter school statute, to require a school board to

adopt a process for conversion of existing schools for conversion into charter schools.

Section 2 adds a new subsection to have a school district assist a charter school applicant in converting an existing neighborhood school, in whole or in part, to a charter school. The school board can approve an applicant if a majority of parents of students in the attendance service area for the existing school meet all requirements for establishing a charter school. Once approved, the school board shall transfer the operations, furnishings, materials, and fixtures, to the governing body of the charter school. The district shall continue to pay costs associated with operating a school from the district budget and may not charge rent to the charter school.

Section 3 reestablishes the charter school state grant program. A charter school will be able to receive a one-time grant from the Department of Education and Early Development (DEED) equal to the amount of \$500 per child enrolled in the school as of October 1 of the first year the school applies for the grant. The grant is to be used for educational services such as curriculum, program development, and special education services. The department will develop regulations for the application and expenditures of the grant. If the fund lacks sufficient funding, the charter school has the ability to come back and apply for the rest of the grant the following years until the \$500 per student allocation is met.

8:07:07 AM

Section 4 adds conforming language to say a charter school may be designed to serve students who attend a public school that was converted into a charter school.

Section 5 adds a new subsection to prioritize enrollment for converted charter schools. The first priority would be students that were enrolled in the school before conversion, then, students who reside in the attendance service area, and, finally, all other applicants.

Sections 6 and 7 add a 10 percent increase to the BSA for students that attend a charter school.

Section 8 removes the sunset for the federal charter school grant program.

8:07:57 AM

MR. HANSON said, after drafting the bill, the sponsor realized there was an unintended consequence. Students who are in the attendance service area of the neighborhood school, but attend a converted charter school, may not be accounted for transportation funds. He said Senator Gardner has an amendment that will address that issue.

8:08:31 AM

CHAIR STEVENS said he does not have any charter schools in his district. He asked if there is opposition to converting a neighborhood school to a charter school.

MR. HANSON said he has not heard of any opposition.

SENATOR GARDNER said this has not been done before. If the majority wishes, the whole school could become a charter school. She noted that charter schools are populated by lottery. The bill ensures priority of enrollment for neighborhood kids.

8:09:57 AM

CHAIR STEVENS requested that the committee members visit a charter school.

SENATOR STEDMAN thought it was a good idea. He said he has two charter schools in his district.

He asked for clarification of Section 8.

8:11:09 AM

MR. HANSON said the sunset currently set for June 2015 is removed in case there is an opportunity to receive federal funds.

SENATOR STEDMAN asked what the federal grant program is.

MR. HANSON offered to provide that information.

SENATOR GARDNER explained that the federal government had an interest in supporting the formation of charter schools and they anticipated providing grants, such as the one proposed in the bill. However, it has been years since there has been any

federal funding. The sunset provision was added just in case the federal government provides the funding again.

[8:12:43 AM](#)

CHAIR STEVENS said the threshold is changed from 100 to 75 students.

He asked if there is any other testimony.

SENATOR GARDNER referred to written testimony in members' packets.

CHAIR STEVENS requested the department come forward.

[8:13:45 AM](#)

ELIZABETH NUDELMAN, Director, School Finance and Facilities, Department of Education and Early Development (DEED), Juneau, Alaska, answered questions related to SB 185.

CHAIR STEVENS recognized that charter schools have been underfunded in the past. He asked if this bill remedies that or goes overboard.

MS. NUDELMAN said she does not have a complete analysis of the bill. There are some items in the bill that need further understanding, such as increasing the BSA 10 percent for only one category of Average Daily Membership (ADM), which might be problematic just by the methodology of the foundation formula. The foundation formula is kept equitable through a weighted, adjusted ADM. The policy of looking at charter school funding would need to be separated from that calculation; it may not fit into the foundation formula.

She explained that the facility items depend on the implementation. School districts receive funding from the state and it goes to teachers, maintenance, fuel costs, and non-classroom items. The details in appropriating funds need to be worked out regarding charter schools.

[8:17:57 AM](#)

SENATOR GARDNER provided an example of a situation where a district retains 20 percent of the BSA for overhead and management fees, leaving the charter school with less funding and extra costs. She asked if there is a mechanism to keep a charter school afloat if increasing the BSA by 10 percent is not the best way to do so.

MS. NUDELMAN replied that statute requires an agreement and a federally established indirect cost rate to stay with districts and the remaining money to go to the charter school. She estimated that the indirect cost rate in larger districts is between 4.5 percent and 6.5 percent. She suggested the best method of funding might be in the Governor's proposal, HB 278, which drops the ADM requirement to 75 for charter schools to provide more funding.

CHAIR STEVENS thought it was a complex issue. It is good to encourage opportunities and choice for parents, but he cautioned not to go overboard with funding one program over another. He asked Ms. Nudelman to further examine the bill to see how the elements impact charter schools, as well as other schools in the district.

SENATOR GARDNER said the intention of the bill is not to have charter schools better funded than public schools. She wanted them to have an equal playing field so they don't have financial pressures to a higher degree than other schools have.

CHAIR STEVENS thought the committee felt the same.

[8:21:32 AM](#)

SENATOR STEDMAN asked about the cost comparison issue. He gave a hypothetical example of a small community with 100 kids total deciding to have a charter school instead of a neighborhood school. He asked if it would be more cost effective to have a charter school. He added that many communities are below the 75 head count.

MS. NUDELMAN said it depends on how large the school is. If a school of 100 becomes a charter school, the funding would be through the foundation formula - similar.

CHAIR STEVENS asked if the department is neutral on charter schools versus neighborhood schools.

MS. NUDELMAN said the department embraces all avenues that provide education. Some charter schools reduce barriers for students. The department supports both.

[8:24:34 AM](#)

CHAIR STEVENS asked how the vote to change to a charter school takes place.

PAUL PRUSSING, Director, Teaching and Learning Support, Department of Education and Early Development (DEED), Juneau, Alaska, answered questions related to SB 185. He said that applying to become a charter schools varies by district. Each district has a local application process.

CHAIR STEVENS said there are no statewide rules about the charter school application process that require a percentage of parents to be in favor.

MR. PRUESSING agreed.

[8:25:34 AM](#)

SENATOR GARDNER pointed out that Section 1 tells school boards to adopt an application process. She did not know of an example of a neighborhood school converting to a charter school.

CHAIR STEVENS recalled a charter school in Homer that is part of the neighborhood school building. He said it makes sense to allow a charter school to use an underutilized school building.

[8:26:42 AM](#)

SENATOR DUNLEAVY asked about a proposed amendment. He read, "A school district shall provide transportation services." He asked if that included transportation funding.

SENATOR GARDNER explained said she realized that if a neighborhood school currently has students that are "zoned" for the school, and the school converts to a charter school, the charter school would lose transportation funds for students that are already being bussed to the neighborhood school. The amendment would ensure that would not happen.

SENATOR DUNLEAVY asked if it was the sponsor's intention to provide transportation funds for students off the bus route.

SENATOR GARDNER said no.

SENATOR DUNLEAVY asked if the sponsor has a conversion model in mind. He inquired what would happen if 51 percent of the parents vote to convert to a charter school and 49 percent are against it.

SENATOR GARDNER thought it was possible to have both schools in the same building. She noted there were models of that situation, such as a school within a school.



[8:29:59 AM](#)

SENATOR DUNLEAVY asked how it could be managed if there was a K-6 school in that situation.

SENATOR GARDNER said she does not have any schools like that in her district. She realized the bill might have limited application. She suggested the one-room school house model. She did not envision any very small schools using this model.

SENATOR DUNLEAVY said he is trying to envision it.

SENATOR GARDNER said that's why the intention is that the conversion is in whole, or in part; it doesn't have to be the whole school.

SENATOR DUNLEAVY reiterated that he is trying to visualize the model.

SENATOR GARDNER presented a scenario of a school with 200 kids, half optional and half regular.

SENATOR DUNLEAVY brought up problems in an elementary school where half the kids do; half don't.

SENATOR GARDNER suggested mixed classes. She said schools already have to adapt to circumstances when students' enrollment is unbalanced.

SENATOR DUNLEAVY pointed out that a charter school would be freed from curriculum mandates in the class.

SENATOR GARDNER suggested two first/second combos; one charter school, one regular.

SENATOR DUNLEAVY requested that the sponsor define a charter school.

SENATOR GARDNER said it is already defined.

SENATOR DUNLEAVY asked how Senator Gardner defines it.

SENATOR GARDNER said a charter school is a program where the parents and teachers are the governing board, they don't have to follow district curriculum, they have hiring distinctions, and there is usually a focus.

[8:34:14 AM](#)

CHAIR STEVENS addressed Senator Dunleavy's comment that parents may be against the philosophy of a charter school. He inquired what is so different about the philosophy of a charter school.

SENATOR DUNLEAVY responded that parents may want to convert to a Montessori approach to education or to another approach. He brought up the practicality of having two concepts within a classroom.

CHAIR STEVENS read an article about catholic schools converting to charter schools for financial reasons, resulting in curriculum changes.

[8:35:53 AM](#)

CHAIR STEVENS asked about the wait list for charter schools in Anchorage.

MR. HANSON estimated that Polaris K-12 has about a 700-student waitlist. He offered to provide those numbers for the committee.

SENATOR GARDNER said it is important to understand that while parents might wish to enroll their children in a charter school, they may not wish to found a charter school. She stressed that one of the greatest benefits of a charter school is parent involvement; the philosophy is not the most important element.

[8:38:05 AM](#)

CHAIR STEVENS asked if kids can move back and forth between a charter school program and a regular program in the same building.

SENATOR GARDNER said her vision is that if part of the school converts, it will stand or fail based on what they do. It depends on what people want for their children. If buildings are used to maximum capacity, charter schools would not have to struggle with facility issues and expenses. Rather than changing school boundaries, options can increase within districts.

[8:40:13 AM](#)

CHAIR STEVENS wished to hear more from the department at a later date; therefore, SB 185 was held in committee.

[8:40:32 AM](#)

At ease

**SB 107-ESTABLISH K THROUGH 3 READING PROGRAM**

[8:41:19 AM](#)

CHAIR STEVENS announced that the final order of business would be SB 107, related to K -3 reading proficiency. He said there was a new committee substitute (CS) before the committee.

[8:41:44 AM](#)

SENATOR STEDMAN moved to adopt the CS for SB 107, labeled 28-LS0916\N, as the working document.

CHAIR STEVENS objected for discussion.

[8:42:30 AM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, Juneau, Alaska, described the changes in SB 107, version N. On page 9, line 28, the words "whenever necessary" were changed to "whenever practicable." On page 9, line 29, a change was made from "support from the school psychologist," to "support from a school psychologist." On the last page, an effective date was added in order to give districts and the department time to prepare for the reading program.

CHAIR STEVENS withdrew his objection.

He noted public testimony had already been taken.

[8:43:41 AM](#)

SENATOR STEDMAN moved to report CSSB 107, version N, from committee with individual recommendations and attached fiscal note.

CHAIR STEVENS found no objection and CSSB 107(EDC) moved from the Senate Education Standing Committee.

[8:43:53 AM](#)

At ease

[8:45:14 AM](#)

There being nothing further to come before the committee, Chair Stevens adjourned the Senate Education Standing Committee at 8:45 p.m.