

**HB**

**321**

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# Representative Chris Tuck

## House Minority Leader

Alaska State Legislature

District 22 - Representing Dimond Estates, Foxridge, Taku,  
Campbell, Northwood and Windemere

### MEMORANDUM

February 26, 2014

**TO:** Representative Lynn Gattis  
Chair, Education Committee

**FROM:** Rep. Chris Tuck  
House Minority Leader 

**SUBJ:** Hearing Request for House Bill 321

I am writing to request a hearing for House Bill 321: Charter School Funding and Facilities.

This legislation will provide funding for Charter Schools to help with the additional administrative and facility costs incurred, and for the option to convert an existing public school to a Charter School with the support of the community.

Included in the bill packet:

- House Bill 321
- Sectional Analysis
- Sponsor Statement
- What is a Charter School
- How Charter Schools are Funded
- Support Letters

If you have any questions please feel free to contact me or my staff Kendra Kloster at 465-2095.  
Thank you for your consideration.



# Representative Chris Tuck

## House Minority Leader

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### Sponsor Statement House Bill 321 Charter Schools: Funding and Facilities

Public education continues to be a crucial role in our nation and our future. Our goal of expanding access, increasing choice, maintaining accountability, spawning innovation, and empowering students is an achievable goal. It is our duty as legislators to provide adequate support for our education system to ensure our future generations are given the tools for success.

Charter Schools are emerging as an alternative to the traditional system of education and provide choice to parents, students and teachers within our public school system. Parents and students get to choose to enroll in a school that offers a unique learning environment and have more authority to make decisions than most traditional schools.

On average, Charter Schools receive 70% of the funding other schools receive because money is taken out of the class room to pay for administrative expenses and rent for facilities, unlike neighborhood schools that do not incur these additional expenses.

House Bill 321 expands the opportunities for Charter Schools and helps bridge the funding gap.

- Increases the Base Student Allocation by ten percent for Charter Schools to help pay for facility costs.
- Charter School Start-up Grant Program for curriculum and program development.
- Provides an opportunity for neighborhood schools to convert in whole or part to Charter Schools if there is majority of support from parents and teachers.
- Removes the sunset for the Federal Charter School Grant Program which is set to expire July 2015.

By implementing stronger statutes to support our Charter Schools we are creating more opportunities of success for our students.

- Increase learning opportunities.
- Provide more access to quality education for students.
- Create choice for parents and students within the public school system.
- Provide a system of accountability for results in public education.
- Encourage innovative teaching practices.
- Create new professional opportunities for teachers.
- Encourage community and parent involvement in public education.

I hope you will join me in supporting House Bill 321.

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# Compass: State should build on success of public charter schools

<http://www.adn.com/2014/02/24/3344118/compass-state-should-build-on.html>

By JOEY ESKI

February 24, 2014

This is, officially, the Education Session in Juneau. You have our attention.

Actually, you had our attention at the State of the State address. It was during this speech that Gov. Sean Parnell acknowledged public charter school success. He specifically mentioned Aquarian Charter School, in Anchorage, but he could have named any of the state's charter schools as examples of success in public education. He called for replication of successful public charter school programs and pledged to do more to give Alaskan families choice in public education by strengthening the state's charter school system.

Charter schools in Alaska are very misunderstood. Alaska's charter schools are public schools equally open to students regardless of socio-economic status, ethnic background, or the neighborhood in which one lives. Charter schools employ public school teachers who are part of the teachers' union. No tuition is charged to attend. A parent body governs each charter school making curriculum and budget decisions that uphold the school's charter.

There are currently twenty-seven active public charter schools in Alaska. Each public charter school operates under a local school district, adhering to all the standards and policies within each particular district. Working with the local school districts in this manner allows for innovation in education while providing the accountability of a traditional public school. Charter schools, statewide, reduce the load on neighborhood schools and create distinct learning environments some students crave or desperately need. For instance, Aquarian Charter School provides differentiated learning and math blocking which gives students the opportunity to work at their individual level (higher or lower). Aquarian's program is academically rigorous but also infused with the arts resulting in a balanced approached to learning.

Other charter schools within the state focus on various specialties, including the continuation of and appreciation for Alaska Native language and culture, technology, German, and creative learning through the arts and outdoor education. While Alaska charter schools are different in many ways, they are united in one common problem: the lack of adequate funding.

Although all charter schools are part of our public education system, not one of the state's public charter schools receives total funding on par with other types of schools such as traditional, optional or alternative schools. As they are currently written, Alaska's charter school laws do not entitle charter schools to receive many of the additional funding allocations other schools receive. A few examples of funding sources unavailable to charter schools include: special state

allocations (such as energy cost offsets), a substantial portion of local tax dollars from property taxes, transportation dollars, and capital funds.

In Anchorage, public charter schools receive the Base Student Allocation (adjusted for enrollment factors) to educate a child. That's it. From this smaller amount, charter schools must cover all operating expenses, including principal and teachers' salaries and benefits, textbooks, and supplies. However, unlike other types of schools in the district, charter schools must also use this money to pay for facility costs including rent, maintenance, utilities, and, in some cases, even local property taxes.

Lack of facilities funding is the biggest barrier to new charter school start-up and the single most significant challenge hindering charter schools' sustainability and growth. An increase in the state's BSA, while essential, will not solve the state's charter school issues. Supporters of the state's charter school programs understand legislative changes to charter schools' funding must occur this education session. These changes should ensure the sustainability of charter schools and allow for growth.

We applaud our governor and legislators for both recognizing and making a priority public school choice. We are encouraged by the governor's bill, HB 278, as well as Rep. Chris Tuck's current bill addressing charter schools, and will work together to further strengthen them. Adequately funding charter schools will ultimately allow for more public school choice, lowering the long wait-lists and opening access for economically-disadvantaged families.

So, Juneau, you have our attention. Thank you for recognizing us. We ask you to support Alaska's public education choices. Adequate funding of our state's public charter schools is the ideal compromise in Juneau this session.

Joey Eski is a parent and chairwoman of the Academic Policy Committee at Aquarian Charter School in Anchorage.

## Outdoor Site Committee

We will be meeting after school Tuesday February 5 at 3:45 in the lobby. There will be updates on the outbuildings, schoolyard habitat and other projects for this summer. Your input and participation is very welcome! Let's plan our gardens, trees, water courses and hobbit holes! Contact - Donna Mears [mears@alaska.net](mailto:mears@alaska.net) 632-6382

## How Charter Schools are Funded

Type to enter text

While most of us would much rather concentrate on more interesting things, financial realities sometimes force us to focus on aspects of our students' education that are more like getting your child to eat their broccoli. As we go into the season for some of our major fund raising efforts, it might be helpful to understand how charter schools are funded and why we need to raise extra funds.

Let's start out with the top level numbers. The Anchorage School district for the 2011/2012 school year had an income of \$835,234,718. The biggest single revenue source is the state of Alaska contribution of \$312 million, followed by the Municipality of Anchorage contribution at \$237 million. (Local municipalities are required to provide some funding and an additional amount is optional. Most cities and boroughs choose not to supplement the required funding.) The total population of the Anchorage School District in 2011 was 49,091 students.

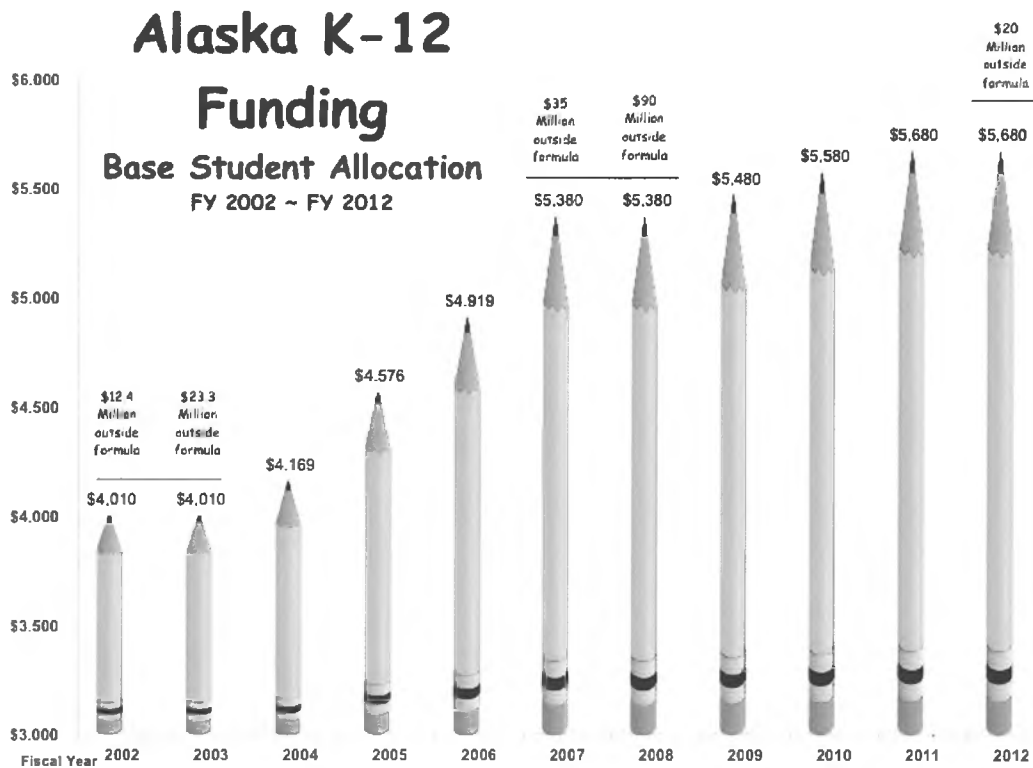
This means that for all programs, the district received \$17,014 dollars per student from all sources. This includes all the money that was earmarked for this, that, and the other, but that is the overall number.

Source, Anchorage School District Comprehensive Annual Fiscal Report, 2011-2012

As a charter school, Winterberry receives funding under the Alaska State statutes governing charter schools. The funding equations that generate program funding for charter schools are the same as those that generate program funding for the rest of the Anchorage school district, except that charter schools do not receive the out of program funding for things like buses and other special programs and capital matching. Our funding per student in 2011/2012 was \$8,832 per student for everything we do.

How do you arrive at this number? The minimum funding for any charter school is spelled out in the Alaska statutes.

It all starts with the "Base Student Allocation," an amount determined by the legislature, which was \$5680 per student for fiscal year in 2011 and remained unchanged for 2012. This number is under debate in the state legislature, as this article is being written, and it will very likely remain unchanged for 2013 as well.



This number is then multiplied by a variety of factors. These are canonized in several statutes, which I won't bore you with, but the principle is:

#### Alaska Statutes 14.03.260. Funding for charter school.

*(a) A local school board shall provide an approved charter school with an annual program budget. The budget shall be not less than the amount generated by the students enrolled in the charter school less administrative costs retained by the local school district, determined by applying the indirect cost rate approved by the Department of Education and Early Development. The "amount generated by students enrolled in the charter school" is to be determined in the same manner as it would be for a student enrolled in another public school in that school district.*

The simplest factor is the district size factor, which for us is 1.0. This factor adjusts for districts in the state where costs are higher, like the Aleutians Region at 1.736. Other urban districts like Mat-Su and Fairbanks are similar to us at 1.01 and 1.04 respectively. (See Alaska Statutes 14.17.460.)

The school size factor is where it gets a bit complicated. The school size factor essentially adds money per student for smaller schools because the overhead is usually higher due to economies of scale. It does this by adjusting the actual number of students to a number called the ADM, or Average Daily Membership. (See Alaska Statutes 14.17.450.)

For Winterberry the relevant factors are:

If our number of students during the October count is between 150 and 250, the school size factor is  $218.1 + 1.08 \times (\text{number of students} - 150)$

**Example:** Assume we have 220 students. The  $ADM=218.1+1.08x(220-150)=293.7$

The equation is different for school sizes below 150 students and that results is what is called the "150 student cliff." The result is a bit more than half the per student funding between 149.9 students and 150.1 students. No charter school ever wants to drop below 150 students.

The ADM is then multiplied by the special needs factor of 1.2. (See Alaska Statutes 14.17.42)

**Example:**  $297.7x1.2=352.44$

This number is then multiplied by the district adjustment of 1.0 and the Base Student Allocation.

**Example:**  $352.44x1.0x\$5680=\$2,001,859$ .

We are not done yet, hold on, the hard part is over. We still need to add the quality schools initiative funding of \$16 per ADM per Alaska Statutes 14.17.480 and subtract the district overhead.

This adds  $16x352.44=\$5639$  for the quality schools initiative

The district overhead for 2011/2012 was 3.21%, but grew to 4.57% for this year. For 2011/2012 the overhead was  $2,001,859+5639)x.0321=\$64,440$

The result is \$1,943,057 total for 220 students, or **\$8,832** per student

So, why the big difference between us and the rest of the Anchorage School district? On the surface, it looks like we get a little over half of what ASD is working with. The reason is fairly complex, and is the sum of many small contributions to the overall funding picture, but the biggest thing is that the Anchorage School District has not elected to provide the optional share of the revenue that the district gets from the local tax revenue.

There is also funding for transportation, currently \$384 dollars per ADM under Alaska Statutes 14.09.010. Since all ASD charter school students contribute to the ADM, the money is provided to the district from the state but charter schools do not receive transportation funding from the district. If Winterberry, with our 220 students, were to receive this funding and were allowed to use it for other purposes, this would add  $293.7 x 384=\$112,780$  dollars to our budget, more than enough for another teacher.

In addition, there is funding from the federal government in the form of impact aid for federal employees and members of the military. There are also grants for capital building and the state has a matching program when districts want to build new schools.

I hope this give you a little window into the funding issues in charter schools in Alaska and Winterberry in particular. One of the most important issues in these funding formulas is that it is all based on the base student allocation approved by the legislature, and if this number is not adjusted for inflation each year, our real income (budget) shrinks, and the difference has to come out of the program.



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## What is a Charter School?

Updated February 21, 2014 | by Grace Chen

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*Charter Schools are emerging as an alternative to traditional system of education. Since state legislatures passed charter law in 1990, charter schools saw an enormous increase in number. Read more about how these schools operate.*

Charter schools fit in a niche between private and public schools. They are funded with public money (except for their facilities) and they are an alternative to regular public schools systems. A private group of people can submit an application for and get approval for a charter to run their own school. Charter schools receive waivers from public school districts in exchange for promising better academic results. Charters are usually given three to five years to demonstrate academic achievement, during which time officials monitor students' academic performance. If academic performance lags behind comparable public schools, then the charter is pulled and the school is closed.



Since the Minnesota legislature passed a law creating the first charter school in 1991, charter schools have seen an enormous increase in number to over 5,300 by 2011. By the 2010-2011 school year, charter school legislation had passed in 41 states and Washington, D.C. This phenomenal increase in the number of charter schools proves that it is an educational innovation that is not confined to reforming existing schools, but is also an avenue by which new schools can be created. Chartering gives schools the freedom to tailor programs that are reflective of the community needs. Chartering also allows the school to run autonomously of the existing public school system. Parents and educators are looking at chartering as a way to increase educational choice and innovation within the public school system.

In this article we will look at the history of charter schools, learn more about how charter schools are developed, find out some basic facts about charter schools today, look at both pros and cons for charter schools, and learn what to consider when evaluating charter schools for your family.

### History

The formation and history of charter schools can be traced to reform ideas, from alternative schools, to site-based management, magnet schools, public school choice and privatization. The concept of "charter" schools originated in the 1970s and is generally credited to New England educator Ray Budde. Budde suggested that groups of teachers be given contracts or "charters" by their local school boards to explore new approaches. Albert Shanker, former president of the American Federation for Teachers, also receives credit for helping move the charter school concept along in the late 1980s.

The late 1980s also saw schools-within-schools in Philadelphia, which were called "charters". When the experiment was successful, districts in other areas refined their approach and tried it themselves. In a similar endeavor in Minnesota, educators developed charter schools with three basic values: opportunity, choice and responsibility for results. Minnesota passed a charter school law in 1991. California passed similar legislation in 1992. Enjoying wide support, charter schools are now one of the fastest growing innovations in education policy.

For his proposed budget for 2006, President George Bush asked for \$219 million dollars in grants for 1,200 new and existing charter schools. He also asked for \$50 million for a Choice Incentive Fund for an innovative voucher system that would allow parents to transfer their students to other public, private, or charter schools. Bush also asked for \$37 million to help charter schools to help them obtain the needed credit to renovate, lease, or buy school facilities. While charter schools receive state and local money to help with operations, they do not receive money for their facilities.

President Obama has continued the Executive Branch's support of charter schools. In 2009, his administration revised the School Improvement Grants program and created the Race to the Top Program, an initiative that seeks to transform underperforming public schools into charter schools. Yet, charter school funding still lags behind funding for traditional public schools. On average, charter schools receive 70% of the funding public schools receive.

#### What are Charter Schools?

Charter Schools are schools of choice: choice to parents, students, teachers, and administrators. Parents and students get to choose to enroll in a school that may offer a unique learning environment, such as a school whose science classes are conducted in the field, or offer alternative learning methodologies, such as a specialization in arts education. Teachers and administrators have more authority to make decisions than most traditional public schools. Basically, these schools are free from many of the regulations that apply to traditional public schools.

Charter schools tend to be small schools, with a median enrollment of 242 students as compared to 539 in traditional public schools. According to the Mackinac Center for Public Policy, the average charter school instructor has 19.8 students in his or her classroom, as compared to an average 21.3 kids for public school teachers. Charter schools also serve different communities with a wide variety of curricular and instructional practices.

Charters are granted for a particular period of time, usually for three to five years, which are renewed after the end of the term by the granting entity if performance targets are achieved. A charter is a performance contract that provides details about that school's mission, program, goals, students served, methods of assessment, and ways to measure success – a business plan so to speak. These schools are under constant pressure to perform well, as they are accountable to their sponsor, usually a state or local school board, for good academic results. The charter school administration must adhere to their charter contract, but charter schools enjoy greater autonomy in return for accountability. Instead of being asked to comply with various rules and regulations, they are measured on the yardstick of academic results and adherence to their charter.

Charter schools have shown promising, but mixed results over the years. Though more data is needed to get the overall picture, the performance of charter schools seems to be similar to that of public schools: some do very well, others perform poorly, but most are somewhere in between. On one hand there are success stories where some charter schools receive renewals of their charters because they met the goals of their charter, while there are also schools whose charters have been revoked due to lack of proper financial management or lack of adequate student achievement.

#### How Charter Schools Work

In order for a charter school to work, they must have the following: a) the proper state legislation, b) a group of administrators to run the charter school and c) a state authorized managing entity (usually a board). To open a charter school, the administrators must first submit a charter school proposal to their state's charter authorizing entity, which varies from state to state depending on the state's charter law. Generally, four types of entities authorize charter schools: the local school board, state universities, community colleges, and the state board of education.

To better understand what a charter school is, one must examine what lawmakers seek to do by drafting charter school laws. In most states, lawmakers want to:

- Increase opportunities for learning and provide access to quality education for students.
- Create choice for parents and students within the public school system.
- Provide a system of accountability for results in public education.
- Encourage innovative teaching practices.
- Create new professional opportunities for teachers.

- Encourage community and parent involvement in public education.
- Leverage improved public education.

The variation that can be seen in charter schools is because of two primary reasons. First, it can be because charter schools have unique missions and goal statements. Second, states have different charter laws, which have an impact on development and governance of charter schools. Information from the U.S. Department of Education states that U.S. Charter School laws cover seven basic policy and legal areas:

- Charter Development: Who may propose a charter, how charters are granted, the number of charter schools allowed, and related issues.
- School Status: How the school is defined in terms of related governance, operations, and liability issues.
- Fiscal: The level and types of funding provided and the amount of fiscal independence and autonomy.
- Students: How schools are to address admissions, non-discrimination, racial/ethnic balance, discipline, and special education.
- Staffing and Labor Relations: Whether the school may act as an employer, what labor relations laws apply, and other staff rights and privileges.
- Instruction: The degree of control a charter school has over the development of its instructional goals and practices.
- Accountability: Whether the charter serves as a performance-based contract, how assessment methods are selected, and charter revocation and renewal issues.

#### Facts about Charter Schools

##### Admissions policies

The law states that all the charter schools must conduct fair and open admissions, and recruit all segments of the community they serve. However, problems arise when the number of students seeking admission is more than the number that can be admitted. In this scenario, many charter schools use a lottery system or keep waiting lists. The school charter will usually state explicitly how their registration process will be undertaken. Some charters will give preferential enrollment to the following:

- Children of teachers or other employees of the school;
- Students who have previously been enrolled at the school;
- Siblings of current or former students;
- Children that are considered to be academically at-risk;
- Children of color, in order to reflect the racial/ethnic balance of the regular public schools in the area.

##### Where are Charter Schools?

According to the National Center for Education Statistics (NCES), the 5,300 charter schools operating in the United States in 2011 were spread throughout the country. California, with 364,000 students in charter schools, has by far the largest charter school enrollment of any state. As a percentage of public school students, Washington, D.C. has the highest charter school enrollment, with 38 percent of students attending a charter school. Arizona and Texas also have large numbers of students attending charter schools. According to the NCES, charter school legislation has yet to pass in Alabama, Kentucky, Montana, North Dakota, South Dakota, Vermont, Nebraska, West Virginia, and Washington. While Maine has passed a charter school law, no charters are yet open in that state. The remaining 40 states that have passed charter laws currently have charter schools in operation.

##### Demographics

Charter schools have similar demographic characteristics as compared to public schools. However, because of the freedom that charter schools have in terms of curriculum development and general oversight of the school, there are schools in some states that serve populations that are skewed. For example, some urban schools have significantly higher percentages of minority or economically disadvantaged students than the traditional public schools. Some school charters stipulate that their racial/ethnic breakdown may not deviate from the breakdowns in public schools within the same school district. In that case, the charter school can enroll students preferentially, so as to get the target racial/ethnic breakdown. Yet other charter schools have a greater percentage of high performing students than their public school counterparts or a disproportionately low number of special needs students. These differences can be attributed to the types of academic programs offered at

some charter schools.



#### Tuition

Charters are not allowed to charge tuition, but are instead funded according to the number of students enrolled, just like public schools are. States such as Alaska, Colorado, Minnesota, and New Jersey, receive less than 100% of the funds allocated to their traditional counterparts for the operation of public schools. In other states, like California, additional funds or loans are made available to them. In most states, charters do not receive capital funds for facilities. They are entitled to federal categorical funding for which their students are eligible, such as Title I and special education monies. Federal legislation provides grants to help charters with start-up costs.

#### Advantages of Charter Schools

The primary advantage of charter schools can be summed up in a word: choice. Students and parents get numerous educational options from charter schools that may not be available in local public schools. Charter school supporters argue that even for students who don't attend the charter schools, their experience will benefit from the existence of charter schools as they force traditional schools to improve their academic programs in order to compete for students to fill their seats. Proponents believe that if managed properly, charter schools can serve as laboratories for educational experimentation and innovation. The easing of certain regulations can free teachers and administrators to develop and implement new curricular experiences and try out new learning strategies. At the very least, the pressure to perform means that charter schools have to perform well or face closure. This extra incentive certainly impacts the teaching environment at charter schools.



#### Disadvantages

Opponents find fault in the fact that charter schools operate as a business in addition to a learning institution. According to critics, charter schools are subject to market forces, and can be driven to close and deprive students of a continuous education. Additionally, some critics maintain that charter schools segregate students along the racial and class lines and that they may also fail to adequately serve students with disabilities or limited English proficiency.

Teacher unions have voiced opposition against the charter school movement as well. According to a report by the National Center for the Study of Privatization in Education, because charter schools operate independently of public school systems, they aren't subject to certain requirements, such as having classroom teachers that are certified by the state board of education. Critics additionally charge that since they do not receive the same level of funding as a traditional public school, charter schools can have inadequate facilities, supplies and other vital resources. A further concern from teachers is that charter schools can demonstrate greater inequality by not admitting some students based on their income level, ability level or other such factors.

School Visit: Things to Look For and Questions to Ask

If you are considering enrolling your child at a charter school, you need to consider some questions before you even visit the school. For example,

- Where is it located? Is the distance feasible for your family?
- How many years has the school been operating under its charter?
- Does the school have a track record of showing academic progress?
- What teaching methodology does the school embrace?
- What is the procedure for enrolling students?

If you decide that a charter school might be feasible for your family, plan a visit to the school campus. For your visit make sure that you get to meet the principal and a few teachers. Arrange for a tour of the school to get a feel for its facilities. Look around classrooms and examine the quality and quantity of textbooks, technology and supplies. Finally, school officials should make the following important details very clear:

- The educational philosophy or mission;
- The procedures regarding student discipline and safety;
- How student progress is encouraged and monitored;
- Library resources, including technology for student use;
- Use of technology to support teaching and learning in the classroom;
- Available extracurricular and enrichment activities such as music, the arts, student clubs and organizations, sports and other activities;
- Transportation policies and procedures;
- Policies to support students with academic, social or emotional difficulties;
- Strategies used to teach students who are not fluent in English;
- Professional development opportunities for teachers;
- Academic progress compared to requirements set forth by the charter.

To get complete knowledge about the school, you should observe details like:

- Do teachers seem enthusiastic and knowledgeable, asking questions to keep the interest of the students and keep them engaged?
- Does the principal seem confident and interested in interacting with students, teachers and parents?
- How do students behave in class, in the halls and in other common areas around the campus?
- How well are the facilities maintained?

Apart from these general questions, be sure to ask these charter-specific questions as well:

- Why was this school created?
- Is this the permanent location or facility for the school? If not, will the school be moving to another location in the near future?
- Does the school have a specific curricular focus?
- Who is the charter holder, or the group that created the school?
- How does the school select its teachers? Are the teachers certified?

**Conclusion**

Charter schools are public schools of choice, chosen by teachers and students. They have an advantage of enjoying freedom from many regulations that apply to traditional public schools. Generally, these schools give more authority to teachers and students to make decisions. Instead of being accountable for compliance with rules and regulations, they are accountable for academic results and for upholding their charter.

This freedom has given charter schools certain advantages. They have independence to try new forms of teaching and to experiment with the best way to reach their students. They also avoid a myriad of challenging government regulations and the interference of state officials. However, there are some disadvantages to this freedom. Charter schools treat education as a product; they may not help all students as admission requirements, transportation costs, and limited information can prevent disadvantaged students from attending a charter school.

To get more information on charter schools operating in your area, consult the National Charter School Directory published by the Center for Education Reform. The directory provides contact information and profiles of charter schools nationwide.

**Additional Resources**

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