



House Education Committee
Sectional Analysis

House Bill 406

"An Act relating to the calculation of state aid for schools that consolidate; relating to the determination of the number of schools in a district; and providing for an effective date."

Section 1: AS 14.17.410(b)

Adds new language to AS 14.17.410(b)(1) to provide a "consolidation transition" that allows a school district to gradually move from their current state aid amount to a lower state aid amount after consolidation of schools, within a community, and describes how and when the consolidation transition can be used.

(H) Specifies how state aid during the transition period will be calculated. The "pre-consolidation" and "post-consolidation" formula remains the same; the bill will only change how quickly the "post consolidation" amount is instituted:

(H)(i)

Consolidation Years 1 & 2: The district will receive the same funding as if the consolidated school was still separate schools.

(H)(ii)

Consolidation Year 3: The district will receive 66% of the difference between funding from pre-consolidation and post-consolidation.

(H)(iii)

Consolidation Year 4: The district will receive 33% of the difference between funding from pre-consolidation and post-consolidation.

Sections (I) – (L) specify conditions where the "consolidation transition" may not be used.

(I) When the "transitional" state aid amount would result in lower funding than under the traditional funding formula.

- (J) When a school district is already receiving additional state aid due to the Hold Harmless Clause in AS 14.17.410(b)(1)(E).
- (K) If a new facility was constructed in order to consolidate schools.
- (L) If the school was reopened and reconsolidated within the past five years.
- (M) Requires the district to provide the necessary information and calculations for the Department of Education and Early Development for verification, including a student count by school for the schools involved in the consolidation.
- (N) Defines “community” as an organized municipality or an unincorporated area with a population of less than 2,000 people to clarify which schools can be consolidated.

Section 2: AS 14.17.905

Adds a new subsection that allows a school that services grades K-12 in a single building and has an average daily membership (ADM) greater than 425 to be considered two separate schools for calculating state aid.

Section 3: AS 14.17.410(b)

Makes this Act applicable to schools which consolidate on or after the effective date of this bill.

Section 4: Effective Date

Provides for an immediate effective date.