

HOUSE BILL NO. 406

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

Introduced: 3/26/18

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

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

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 14.17.410(b) is amended to read:

6 (b) Public school funding consists of state aid, a required local contribution,
7 and eligible federal impact aid determined as follows:

8 (1) state aid equals basic need minus a required local contribution and
9 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum
10 obtained under (D) of this paragraph, multiplied by the base student allocation set out
11 in AS 14.17.470; district adjusted ADM is calculated as follows:

12 (A) the ADM of each school in the district is calculated by
13 applying the school size factor to the student count as set out in AS 14.17.450;

14 (B) the number obtained under (A) of this paragraph is

1 multiplied by the district cost factor described in AS 14.17.460;

2 (C) the ADMs of each school in a district, as adjusted
3 according to (A) and (B) of this paragraph, are added; the sum is then
4 multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the
5 secondary school vocational and technical instruction funding factor set out in
6 AS 14.17.420(a)(3);

7 (D) the number obtained for intensive services under
8 AS 14.17.420(a)(2) and the number obtained for correspondence study under
9 AS 14.17.430 are added to the number obtained under (C) of this paragraph **or**
10 **under (H) and (I) of this paragraph;**

11 (E) notwithstanding (A) - (C) of this paragraph, if a school
12 district's ADM adjusted for school size under (A) of this paragraph decreases
13 by five percent or more from one fiscal year to the next fiscal year, the school
14 district may use the last fiscal year before the decrease as a base fiscal year to
15 offset the decrease, according to the following method:

16 (i) for the first fiscal year after the base fiscal year
17 determined under this subparagraph, the school district's ADM adjusted
18 for school size determined under (A) of this paragraph is calculated as
19 the district's ADM adjusted for school size, plus 75 percent of the
20 difference in the district's ADM adjusted for school size between the
21 base fiscal year and the first fiscal year after the base fiscal year;

22 (ii) for the second fiscal year after the base fiscal year
23 determined under this subparagraph, the school district's ADM adjusted
24 for school size determined under (A) of this paragraph is calculated as
25 the district's ADM adjusted for school size, plus 50 percent of the
26 difference in the district's ADM adjusted for school size between the
27 base fiscal year and the second fiscal year after the base fiscal year;

28 (iii) for the third fiscal year after the base fiscal year
29 determined under this subparagraph, the school district's ADM adjusted
30 for school size determined under (A) of this paragraph is calculated as
31 the district's ADM adjusted for school size, plus 25 percent of the

difference in the district's ADM adjusted for school size between the base fiscal year and the third fiscal year after the base fiscal year;

(F) the method established in (E) of this paragraph is available to a school district for the three fiscal years following the base fiscal year determined under (E) of this paragraph only if the district's ADM adjusted for school size determined under (A) of this paragraph for each fiscal year is less than the district's ADM adjusted for school size in the base fiscal year;

(G) the method established in (E) of this paragraph does not apply to a decrease in the district's ADM adjusted for school size resulting from a loss of enrollment that occurs as a result of a boundary change under AS 29;

(H) notwithstanding (A) - (C) of this paragraph, if one or more schools close and consolidate with one or more other schools in the same community and district and, as a result of the consolidation, state aid generated by the district's ADM of the consolidated schools as adjusted under (A) - (C) of this paragraph decreases, the district may use the last fiscal year before the consolidation as the base fiscal year to offset that decrease for the first four fiscal years following consolidation according to the following method:

(i) for the first two fiscal years after the base fiscal year, the district's ADM of the consolidated schools as adjusted under (A) - (C) of this paragraph is calculated by dividing the sum of the district's ADM of the consolidated schools as adjusted under (A) - (C) of this paragraph for the base fiscal year by the sum of the district's ADM of the consolidated schools for the base fiscal year without adjustment, and subtracting the quotient obtained by dividing the district's ADM of the consolidated schools for the current fiscal year as adjusted under (A) - (C) of this paragraph by the sum of the district's ADM of the consolidated schools for the current fiscal year without adjustment, multiplying that number by the sum of the district's ADM of the consolidated schools for the

1 current fiscal year without adjustment, and adding that number to
2 the sum of the district's ADM of the consolidated schools for the
3 current fiscal year as adjusted under (A) - (C) of this paragraph;

4 (ii) for the third fiscal year after the base fiscal year,
5 the district's ADM of the consolidated schools as adjusted under
6 (A) - (C) of this paragraph is calculated by dividing the sum of the
7 district's ADM of the consolidated schools as adjusted under (A) -
8 (C) of this paragraph for the base fiscal year by the sum of the
9 district's ADM of the consolidated schools for the base fiscal year
10 without adjustment, and subtracting the quotient obtained by
11 dividing the sum of the district's ADM of the consolidated schools
12 for the current fiscal year as adjusted under (A) - (C) of this
13 paragraph by the sum of the district's ADM of the consolidated
14 schools for the current fiscal year, multiplying that number by the
15 sum of the district's ADM of the consolidated schools for the
16 current fiscal year without adjustment, multiplying that number
17 by 66 percent, and adding that number to the sum of the district's
18 ADM of the consolidated schools for the current fiscal year as
19 adjusted under (A) - (C) of this paragraph;

20 (iii) for the fourth fiscal year after the base fiscal
21 year, the district's ADM of the consolidated schools as adjusted
22 under (A) - (C) of this paragraph is calculated by dividing the sum
23 of the district's ADM of the consolidated schools as adjusted under
24 (A) - (C) of this paragraph for the base fiscal year by the sum of the
25 district's ADM of the consolidated schools for the base fiscal year
26 without adjustment, and subtracting the quotient obtained by
27 dividing the sum of the district's ADM of the consolidated schools
28 for the current fiscal year as adjusted under (A) - (C) of this
29 paragraph by the sum of the district's ADM of the consolidated
30 schools for the current fiscal year, multiplying that number by the
31 sum of the district's ADM of the consolidated schools for the

1 current fiscal year without adjustment, multiplying that number
 2 by 33 percent, and adding that number to the sum of the district's
 3 ADM of the consolidated schools for the current fiscal year as
 4 adjusted under (A) - (C) of this paragraph;

5 (iv) to calculate the district's state aid for each fiscal
 6 year, the number obtained through the calculation in (i), (ii), or (iii)
 7 of this subparagraph is added to the number obtained under (C) of
 8 this paragraph for the remainder of the district;

9 (I) if the state aid calculated under (H)(i) - (iii) of this
 10 paragraph for one of the first four fiscal years after consolidation is less
 11 than the state aid calculated under (A) - (C) of this paragraph for that
 12 fiscal year, the state aid may not be adjusted under (H) of this paragraph
 13 for that fiscal year;

14 (J) a district may not offset a decrease under both (E) and
 15 (H) of this paragraph in the same fiscal year;

16 (K) a district may not offset a decrease under (H) of this
 17 paragraph if a new facility is constructed in the district for the
 18 consolidation;

19 (L) a district may not reopen and reconsolidate a school
 20 that was consolidated in the district more than once every seven years for
 21 purposes of the calculations made under (H) of this paragraph;

22 (M) a district offsetting a decrease under (H) of this
 23 paragraph shall provide the department with the appropriate calculations
 24 for the department to verify;

25 (N) in this paragraph, "community" means an organized
 26 municipality or an unincorporated village that is a social unit if the
 27 organized municipality or unincorporated village has a population of less
 28 than 2,000 people;

29 (2) the required local contribution of a city or borough school district is
 30 the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and
 31 personal property in the district as of January 1 of the second preceding fiscal year, as

1 determined by the Department of Commerce, Community, and Economic
2 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a
3 district's basic need for the preceding fiscal year as determined under (1) of this
4 subsection.

5 * **Sec. 2.** AS 14.17.905 is amended by adding a new subsection to read:

6 (c) Notwithstanding (a)(2) and (a)(3) of this section, in a community with an
7 ADM of greater than 425 that has only one facility administered as a school for
8 students in grades kindergarten through 12, the number of schools for the community
9 shall be counted under (a)(2) of this section.

10 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 APPLICABILITY. AS 14.17.410(b), as amended by sec. 1 of this Act, applies to
13 schools that consolidate on or after the effective date of this Act.

14 * **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).