

Summary of Changes – HB 278 from Education version to Finance version (\N to \G)

Provided by the House Finance Committee

April 1, 2014

Title

Title changed **by adding** relating to tenure of public school teachers, relating to schools operated by a federal agency, relating to the school size factor for public school funding, adjusting the calculation of state aid for public school funding, relating to the local contribution to public education funding, relating to the withholding of state aid to public education for teacher retirement contributions, relating to the teachers' defined benefit retirement plan, establishing the teachers' pension reserve fund, establishing an optional municipal tax exemption for privately owned real property rented or leased for use as a charter school, requiring the Department of Administration to provide a proposal for a salary and benefits schedule for school districts, **by removing** relating to the secondary student competency examination and related requirements, relating to school construction bonds, increasing the stipend for boarding school students.

Changes by section: CS for HB 278(FIN), Version \G

Sec. 1

Page 2 lines 10-11 reinserts the Governor's original language specifying which subjects a school district must provide an opportunity to challenge for credit, with the addition of world languages. Still directs school districts to provide additional opportunities to challenge for credit, in other subjects which are *"likely to be or have been the subject of a challenge requested under this section."*

Sections 2, 3, & 4

Page 2 lines 26-28; page 3 lines 16-18; page 4, lines 2-4 and 10-16; and page 5, lines 3-4 reinsert previously deleted existing statute language related to the HSGQE.

Sec. 5

Page 5, lines 29-30 creates an opportunity for a charter school applicant, upon being denied by the commissioner on appeal, to further appeal within 30 days to the state Board of Education and Early Development.

Page 6, lines 6-8 clarifies that a local school board that denied an application for a charter school which was subsequently approved by the state board on appeal **shall** operate the charter school. Also removes a former subsection stating that the state board would operate a charter school as if the state board were a school district.

Sec. 6

Page 6, lines 18-26 are added regarding charter school application appeals and timelines.

Sec. 7

Page 7, lines 3-5 are amended to clarify that *if the school district requires lease payments by a charter school*, the district **shall** negotiate a lease agreement with the charter school for *an amount that does not exceed* the true operational costs calculated on a square foot basis.

Sec. 8

Page 7, lines 12-14 are added to specify that a local school board shall provide a charter school with a report itemizing the administrative costs retained by the local board.

Sec. 11

Page 8, line 23 through page 9, line 7 inserts a new duty of the Board of Education and Early Development to report to the legislature *recommendations for changes in the method of education spending by the state and school districts that result in improved efficiencies in and administration of public education in the state.*

Section removed relating to school bond reimbursement program.

Section removed relating to boarding school stipends.

Section removed relating to student counts for charter schools.

Sec. 15

Page 11, lines 21-27 have been added, relating to the public education fund and appropriations for the teachers' retirement system.

Sec. 16

Page 11, line 28 through page 14, line 3 has been inserted, relating to unfunded liability and the teacher's retirement cost adjustment.

Page 14, line 1 includes a change in the required local contribution from 45% to 40% of a district's basic need.

Sec. 17

Page 14, lines 4-19 amend the school size factor table located at 14.17.450(a) for purposes of calculating a school's ADM to determine state aid, by removing the top two brackets of 750 and over, and 400 to 750. The result is that the top bracket becomes 250 or over.

Sections 18, 19, & 20

Page 14, lines 20-28 are amended to reflect an increase to the BSA of \$100, in addition to that of the Governor's plan, in the first year.

Sec. 21

Page 14, line 29 through page 15, line 15 has been inserted relating to state aid to school districts and withholding for the purpose of deposit into the teachers' retirement trust fund.

Sections 22, 23, & 24

Page 15, line 13 through page 16, line 16 has been inserted, relating to altering teacher tenure from three years to five, subjecting tenure to review, and regarding loss of tenure rights.

Sections 25, 26, & 27

Page 16, line 17 through page 17, line 19 have been inserted, relating to pension benefits and employer contribution rates, transmitting funds for deposit in the teacher's retirement trust fund, and additional state contributions and the teachers' pension reserve fund.

Sec. 28

Page 17, lines 22 and 27, and page 18 are amended to reflect a 3 year reauthorization of TVEP, and the allocations of TVEP funding present in existing statute.

Sec. 30

Subsection (h) relating to a 20% withholding penalty for failure to comply with new TVEP requirements has been removed.

Sec. 32

The option for a municipality to adopt by ordinance a partial or whole tax exemption for all or a portion of a privately owned real property rented or leased for use as a charter school has been added.

Sections 33, 34, & 35

Relating to the establishment, trusteeship, and management of the teachers' pension reserve fund, and the duties of the Alaska Retirement Management Board, have been inserted.

Sections 36-46

Relating to the income tax education credit, mining business education credit, fisheries business education credit, and fisheries resource landing tax education credit.

There have been three changes to the tax credits, two of which are permanent, and one of which expires in 2021 along with other tax credits.

The first permanent change was to include within existing education tax credits, for specified expenditures, *public or private nonprofit elementary or secondary schools*.

The second permanent change to the education tax credit programs is the removal of language added by the prior committee of referral, relating to early childhood development programs provided by *for-profit corporations*.

The third education tax credit change expires in 2021, and is specific to *science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for k-12 students*.

Sec. 48

AS 14.20.147(b) relating to transfer or absorption of a federal agency school and teachers is repealed.

Sec. 50

Transition language relating to the repeal of the HSGQE has been removed

Applicability language relating to teacher tenure provisions in sections 22-24 has been added.

Sec. 51

The effective date of transition language relating to charter school applications filed with a local school board has been amended from September to July 1, 2014.

Sec. 53

Directs the Department of Administration, no later than January 1, 2016, to present to the legislature a written proposal to implement a salary and benefits schedule for school districts.

Sections 54-59

Reflect the effective dates of various provisions of the act. Notably, the effective date of the act has been changed from September to July 1, 2014.