



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Education &
Early Development

OFFICE OF THE COMMISSIONER

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MEMORANDUM

TO: Senator Roger Holland
Chair, Senate Education

FROM: Dr. Michael Johnson, Commissioner

DATE: January 29, 2021

RE: Hearing Request for SB 58

A handwritten signature in black ink, appearing to read "Michael Johnson", with a horizontal line extending to the right.

Please accept this request to schedule SB 58, an act relating to funding for correspondence programs, for consideration by the Senate Education Committee.

I would like to invite the following school districts to offer testimony:

1. Superintendent Randy Trani, Mat-Su Borough School District
2. Superintendent Jim Merriner, Galena City School District
3. Superintendent Kerry Boyd, Yukon-Koyukuk School District

Attached to this memo are the following supporting documents:

1. SB 58 Sponsor Statement
2. SB 58 Legislation
3. SB 58 Sectional Analysis

If you have any questions regarding this hearing request, please feel free to contact me directly or DEED's Legislative Liaison, Erin Hardin, at (907) 465-2803.

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550 West Seventh Avenue, Suite 1700
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Governor Mike Dunleavy
STATE OF ALASKA

January 28, 2021

The Honorable Peter Micciche
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to state funding for correspondence programs operated by school districts.

This bill makes changes to the “average daily membership” (ADM) and how it is adjusted in the formula under AS 14.17.410 for funding school operational costs. ADM is a defined term under AS 14.17.990(1). An ADM is essentially equivalent to one student, as measured by fulltime attendance in a 20-day October count period. The starting point for calculating basic need in the formula is the ADM of each school. That number is subject to adjustment in various ways to reflect the cost of education more accurately in different places and for different students in the state. After the various adjustments in the formula are calculated, the adjusted ADM is then multiplied by the base student allocation under AS 14.17.470 (a general reflection of per student cost) to determine basic need. Currently, 90 percent of the ADM of correspondence students in a district is added to the ADM after various adjustments. This means that under current law a district does not receive the full value of an ADM for a correspondence student nor the extra funding (the ADM multipliers) for special needs students and secondary vocational and technical instruction in a correspondence program.

The bill would increase state funding to districts for correspondence programs in two ways. First, under AS 14.17.430, the funding eligibility calculation for correspondence programs (including a centralized correspondence program, if re-instituted) would be based on the full value of an ADM rather than the current value of 90 percent of an ADM. Second, under AS 14.17.410(b)(1)(C), the ADM of correspondence students would be included in the funding formula before the multipliers for special needs students and secondary school vocational and technical instruction are applied to the ADM of the district.

The Honorable Peter Micciche
January 28, 2021
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I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy", with a stylized flourish at the end.

Mike Dunleavy
Governor

Enclosure

SENATE BILL NO. 58

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/29/21

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to funding for correspondence programs; and providing for an**
2 **effective date."**

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

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

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

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

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

13 (B) the number obtained under (A) of this paragraph is
14 multiplied by the district cost factor described in AS 14.17.460;

1 (C) the ADMs of each school in a district, as adjusted
 2 according to (A) and (B) of this paragraph, are added to the correspondence
 3 study ADM under AS 14.17.430; the sum is then multiplied by the special
 4 needs factor set out in AS 14.17.420(a)(1) and the secondary school vocational
 5 and technical instruction funding factor set out in AS 14.17.420(a)(3);

6 (D) the number obtained for intensive services under
 7 AS 14.17.420(a)(2) is [AND THE NUMBER OBTAINED FOR
 8 CORRESPONDENCE STUDY UNDER AS 14.17.430 ARE] added to the
 9 number obtained under (C) of this paragraph or under (H) and (I) of this
 10 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

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

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

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

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

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

1 adding that number to the sum of the district's ADM of the consolidated
2 schools for the current fiscal year as adjusted under (A) - (C) of this
3 paragraph;

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

19 (iii) for the fourth fiscal year after the base fiscal year,
20 the district's ADM of the consolidated schools as adjusted under (A) -
21 (C) of this paragraph is calculated by dividing the sum of the district's
22 ADM of the consolidated schools as adjusted under (A) - (C) of this
23 paragraph for the base fiscal year by the sum of the district's ADM of
24 the consolidated schools for the base fiscal year without adjustment,
25 and subtracting the quotient obtained by dividing the sum of the
26 district's ADM of the consolidated schools for the current fiscal year as
27 adjusted under (A) - (C) of this paragraph by the sum of the district's
28 ADM of the consolidated schools for the current fiscal year,
29 multiplying that number by the sum of the district's ADM of the
30 consolidated schools for the current fiscal year without adjustment,
31 multiplying that number by 33 percent, and adding that number to the

1 sum of the district's ADM of the consolidated schools for the current
2 fiscal year as adjusted under (A) - (C) of this paragraph;

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

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

12 (J) a district may not offset a decrease under (H) of this
13 paragraph if

14 (i) a new facility is constructed in the district for the
15 consolidation; or

16 (ii) the district offset a decrease under (E) of this
17 paragraph in the same fiscal year;

18 (K) a district that offsets a decrease under (H) of this paragraph
19 may not reopen a school that was closed for consolidation in the district until

20 (i) seven or more years have passed since the school
21 closure; and

22 (ii) the district provides evidence satisfactory to the
23 department that the schools affected by the consolidation are over
24 capacity;

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

28 (M) a district offsetting a decrease under (H) of this paragraph
29 shall provide the department with the list of schools participating in the
30 consolidation and the corresponding ADM;

31 (2) the required local contribution of a city or borough school district is

1 the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and
2 personal property in the district as of January 1 of the second preceding fiscal year, as
3 determined by the Department of Commerce, Community, and Economic
4 Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a
5 district's basic need for the preceding fiscal year as determined under (1) of this
6 subsection.

7 * **Sec. 2.** AS 14.17.430 is amended to read:

8 **Sec. 14.17.430. State funding for correspondence study.** Except as provided
9 in AS 14.17.400(b), funding for the state centralized correspondence study program or
10 a district correspondence program, including a district that offers a statewide
11 correspondence study program, includes an allocation from the public education fund
12 in an amount calculated by using [MULTIPLYING] the ADM of the correspondence
13 program under AS 14.17.410(b)(1)(C) [BY 90 PERCENT].

14 * **Sec. 3.** This Act takes effect July 1, 2021.



SB 58 – Funding for Correspondence Programs

Sectional Analysis

“An Act relating to funding for correspondence programs; and providing for an effective date.”

Section 1:

Amends AS 14.17.410, Public school funding, (b)(1)(C) by moving the correspondence student average daily membership (ADM) up in the foundation formula after the district cost factors, and before the special needs and vocational and technical instruction funding multipliers.

Section 1 further amends (b)(1)(D) by removing the correspondence student calculation from the end of the foundation formula adjustments when determining basic need.

Section 2:

Amends AS 14.17.430, State funding for correspondence study, by removing the 90 percent factor for a correspondence student and clarifying that the new funding allocation for a correspondence program is calculated by using the ADM as reported under AS 14.17.410(b)(1)(C), essentially counting a correspondence student as a full ADM.

Section 3:

Establishes an effective date of July 1, 2021 (FY2022).