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Klein
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HOUSE CS FOR CS FOR SENATE BILL NO. 111(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE EDUCATION COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE EDUCATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to education; relating to culturally responsive education; relating to**
2 **the duties of the Department of Education and Early Development; relating to public**
3 **schools and school districts; relating to early education programs; relating to funding**
4 **for early education programs; relating to school age eligibility; relating to reports by the**
5 **Department of Education and Early Development; relating to reports by school**
6 **districts; relating to certification and competency of teachers; relating to the Public**
7 **Employees' Retirement System of Alaska and the teachers' retirement system; providing**
8 **certain employees an opportunity to choose between the defined benefit and defined**
9 **contribution plans of the Public Employees' Retirement System of Alaska and the**
10 **teachers' retirement system; relating to screening reading deficiencies and providing**
11 **reading intervention services to public school students enrolled in grades kindergarten**
12 **through three; relating to textbooks and materials for reading intervention services;**

1 establishing a reading program in the Department of Education and Early
2 Development; relating to the definition of 'parent' in education statutes; relating to a
3 virtual education library; and providing for an effective date."

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 SHORT TITLE. This Act may be known as the Alaska Reads Act.

8 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 LEGISLATIVE INTENT. The Alaska State Legislature recognizes and affirms the
11 right of students to learn to read in multiple languages and recognizes that locally designed,
12 culturally responsive reading curricula nurture a student's unique cultural strengths to promote
13 academic achievement and a sense of well-being about the student's place in the world.
14 Nothing in this Act limits a school district's ability to offer or focus on literacy education in
15 multiple languages.

16 * **Sec. 3.** AS 14.03.040 is amended to read:

17 **Sec. 14.03.040. Day in session.** Each day within the school term is a day in
18 session except Saturdays, Sundays, and days designated as holidays by or according to
19 AS 14.03.050. A school board may approve Saturdays as a day in session. The day in
20 session in every school shall be at least four hours long, exclusive of intermissions, for
21 the first, second, and third grades and five hours, exclusive of intermissions, for [ALL
22 OTHER] grades **four through 12**. The commissioner may approve a shorter day in
23 session for any grade. The period of the day in session shall be devoted to the
24 instruction of pupils or to study periods for the pupils.

25 * **Sec. 4.** AS 14.03.060(e) is amended to read:

26 (e) In addition to the grades enumerated in (a) of this section, an elementary
27 school consists of **an early education** [A PRE-ELEMENTARY] program **approved**
28 **or** supervised by the department under AS 14.07.020(a)(8) [, OPERATED BY THE
29 DEPARTMENT AS A HEAD START PROGRAM UNDER AS 14.38.010, OR
30 LOCATED IN A PUBLIC SCHOOL FOR FEDERAL FUNDING PURPOSES.

EXCEPT FOR A CHILD WITH A DISABILITY WHO IS RECEIVING SPECIAL EDUCATION OR RELATED SERVICES UNDER AS 14.30.180 - 14.30.350, PRE-ELEMENTARY STUDENTS MAY NOT BE COUNTED IN A SCHOOL'S AVERAGE DAILY MEMBERSHIP UNDER AS 14.17].

* **Sec. 5.** AS 14.03.060(e), as amended by sec. 4 of this Act, is amended to read:

(e) In addition to the grades enumerated in (a) of this section, an elementary school consists of an early education program [APPROVED OR] supervised by the department under AS 14.07.020(a)(8).

* **Sec. 6.** AS 14.03.072(a) is amended to read:

(a) Each school district shall annually provide to parents and guardians of students enrolled in kindergarten through grade three in a public school in the state current information on the importance of [EARLY] literacy and early reading, including

(1) culturally responsive intervention strategies and reading intervention services provided under AS 14.30.765;

(2) home reading [LITERACY] plans, including the parents as teachers program;

(3) grade progression [RETENTION] standards and policies for the elementary school attended;

(4) strategies and resources to help children learn to read;

(5) a list of resources and organizations that specialize in improving adult literacy.

* **Sec. 7.** AS 14.03.072(a), as amended by sec. 6 of this Act, is amended to read:

(a) Each school district shall annually provide to parents and guardians of students enrolled in kindergarten through grade three in a public school in the state current information on the importance of literacy and early reading, including

(1) culturally responsive intervention strategies [AND READING INTERVENTION SERVICES PROVIDED UNDER AS 14.30.765];

(2) home reading plans [, INCLUDING THE PARENTS AS TEACHERS PROGRAM];

(3) grade progression standards and policies for the elementary school

attended;

(4) strategies and resources to help children learn to read;

(5) a list of resources and organizations that specialize in improving adult literacy.

* **Sec. 8.** AS 14.03.078(a) is amended to read:

(a) The department shall **employ a data analyst and** provide to the legislature **and school districts** by February 15 of each year by electronic means an annual report regarding the progress of each school and school district toward high academic performance by all students. The report required under this section must include

(1) information described under **AS 14.03.120** [AS 14.03.120(d)];

(2) progress of the department

(A) toward implementing the school accountability provisions of AS 14.03.123; and

(B) in assisting high schools to become accredited;

(3) a description of the resources provided to each school and school district for coordinated school improvement activities and staff training in each school and school district;

(4) each school district's and each school's progress in aligning curriculum with state education performance standards;

(5) a description of the efforts by the department to assist a public school or district that receives a low performance designation under AS 14.03.123;

(6) a description of intervention efforts by each school district and school for students who are not meeting state performance standards; [AND]

(7) the number and percentage of turnover in certificated personnel and superintendents;

(8) the progress made to implement the reading intervention programs established under AS 14.30.760 - 14.30.790, including data on how school districts are using in-service days for culturally responsive professional development in reading instruction; and

(9) the effectiveness and participation rates of the parents as teachers program established under AS 14.03.420, including measures of

efficiency and effectiveness that demonstrate the effects of the program on school readiness.

* **Sec. 9.** AS 14.03.078(a), as amended by sec. 8 of this Act, is amended to read:

(a) The department shall [EMPLOY A DATA ANALYST AND] provide to the legislature and school districts by February 15 of each year by electronic means an annual report regarding the progress of each school and school district toward high academic performance by all students. The report required under this section must include

(1) information described under AS 14.03.120;

(2) progress of the department

(A) toward implementing the school accountability provisions of AS 14.03.123; and

(B) in assisting high schools to become accredited;

(3) a description of the resources provided to each school and school district for coordinated school improvement activities and staff training in each school and school district;

(4) each school district's and each school's progress in aligning curriculum with state education performance standards;

(5) a description of the efforts by the department to assist a public school or district that receives a low performance designation under AS 14.03.123;

(6) a description of intervention efforts by each school district and school for students who are not meeting state performance standards; **and**

(7) the number and percentage of turnover in certificated personnel and superintendents [;

(8) THE PROGRESS MADE TO IMPLEMENT THE READING INTERVENTION PROGRAMS ESTABLISHED UNDER AS 14.30.760 - 14.30.790, INCLUDING DATA ON HOW SCHOOL DISTRICTS ARE USING IN-SERVICE DAYS FOR CULTURALLY RESPONSIVE PROFESSIONAL DEVELOPMENT IN READING INSTRUCTION; AND

(9) THE EFFECTIVENESS AND PARTICIPATION RATES OF THE PARENTS AS TEACHERS PROGRAM ESTABLISHED UNDER

AS 14.03.420, INCLUDING MEASURES OF EFFICIENCY AND EFFECTIVENESS THAT DEMONSTRATE THE EFFECTS OF THE PROGRAM ON SCHOOL READINESS].

* **Sec. 10.** AS 14.03.080(c) is amended to read:

(c) A child under school age may be admitted to a public school and a child who is at least four years of age at the beginning of the school year may be admitted to an early education program in the school district of which the child is a resident at the discretion of the governing body of the school district if the child meets minimum standards prescribed by the board evidencing that the child has the mental, physical, and emotional capacity to perform satisfactorily for the educational program being offered. A district's educational program must prescribe that, except for students in an early education program, under school age students advance through the curriculum or grade level by the following school year. A governing body may delegate the authority granted under this subsection to the chief school administrator of the school district.

* **Sec. 11.** AS 14.03.080(c), as amended by sec. 10 of this Act, is amended to read:

(c) A child under school age may be admitted to a public school [AND A CHILD WHO IS AT LEAST FOUR YEARS OF AGE AT THE BEGINNING OF THE SCHOOL YEAR MAY BE ADMITTED TO AN EARLY EDUCATION PROGRAM] in the school district of which the child is a resident at the discretion of the governing body of the school district if the child meets minimum standards prescribed by the board evidencing that the child has the mental, physical, and emotional capacity to perform satisfactorily for the educational program being offered. A district's educational program must prescribe that [, EXCEPT FOR STUDENTS IN AN EARLY EDUCATION PROGRAM,] under school age students advance through the curriculum or grade level by the following school year. A governing body may delegate the authority granted under this subsection to the chief school administrator of the school district.

* **Sec. 12.** AS 14.03.080 is amended by adding a new subsection to read:

(g) A child who is five years of age on or before September 1 following the beginning of the school year, and who is under school age, may enter a public school

kindergarten.

* **Sec. 13.** AS 14.03.120 is amended by adding new subsections to read:

(h) To the extent allowable under state and federal privacy laws, each district shall annually report to the department information from the previous school year regarding

(1) the number of students and teaching staff assigned to each classroom in grades kindergarten through three;

(2) the number and percentage of students

(A) in grades kindergarten through three who demonstrated improvement on expected grade-level skills on a state-approved screening tool;

(B) in grades kindergarten through three who performed below expected grade-level skills on a state-approved screening tool, by grade.

(i) To the extent allowable under state and federal privacy laws, the department shall post on the department's Internet website and make available for download the information reported under this section. The file must include the comprehensive information about each public school reported under (d) and (e) of this section.

* **Sec. 14.** AS 14.03.127(a) is amended to read:

(a) Each fiscal year, a district in which one or more schools qualify for a discounted rate for Internet services under the federal universal services program is eligible to receive an amount for each school that is equal to the amount needed to bring the applicant's share to a minimum of 25 megabits of download a second of the Internet services.

* **Sec. 15.** AS 14.03 is amended by adding new sections to read:

Article 4. Early Education.

Sec. 14.03.410. Early education programs; grants. (a) The department shall provide training and assistance to develop and improve district-wide early education programs that comply with standards adopted by the board under AS 14.07.165(a)(5).

(b) The department may award a grant to provide funding for a three-year period for the development or improvement of a district-wide early education program to a district that has not received a grant under this section, applies in a format

prescribed by the department, provides the information required under (g) of this section, and is eligible for a grant as specified under (c) of this section. Unless the legislature appropriates another amount, total grant funding awarded to districts under this subsection may not exceed \$5,000,000 in a fiscal year.

(c) The department shall rank the performance of each district in the state in accordance with the accountability system and performance designations required under AS 14.03.123. When approving grants under (b) of this section, the department shall prioritize eligible districts with lower performance, based on the department's ranking of districts under this subsection. A district is eligible for a grant if the department determines an insufficient number of children in the district attend high quality child care programs, including head start programs, early education programs provided by a local government, and early education programs provided by child development agencies, that

(1) meet or exceed the standards adopted by the board under AS 14.07.165(a)(5); and

(2) would continue operating after development of a district early education program.

(d) If the department does not approve the early education program of a district awarded a grant under (b) of this section by the end of the district's three-year grant period, the department may provide a one-year remediation grant to allow the district one additional fiscal year to meet the early education program standards adopted by the board under AS 14.07.165(a)(5). If the district is unable to meet the early education program standards at the end of that fiscal year, the department may, in the discretion of the commissioner, provide an additional remediation grant to allow the district not more than one additional fiscal year to meet the standards. Nothing in this section prohibits a district from using its own funds to continue the remediation process.

(e) A student in an early education program may not be counted in a district's ADM under AS 14.17.500 unless the department has approved the program.

(f) A grant under this section is subject to appropriation, but may not supplant other early education funding available to districts.

(g) Before applying for a grant under (b) of this section, a district shall, to avoid duplicate programs and facilitate resource sharing to improve early education within the district, consult with each local and tribal head start program within the district's boundaries. An application submitted under (b) of this section must include documentation establishing that the district consulted with each local and tribal head start program within the district and a statement signed by each head start program indicating that the head start program agrees that approval of the district-wide program will not jeopardize federal funding or programming.

(h) In this section,

(1) "ADM" has the meaning given in AS 14.17.990;

(2) "district" has the meaning given in AS 14.17.990;

(3) "early education program" means a program, the primary function of which is educational, for children who are four and five years of age and who have not attended a public school kindergarten.

Sec. 14.03.420. Parents as teachers program. (a) The department shall design and implement a statewide parents as teachers program for the benefit of children who are under five years of age. The program must provide a system of early childhood education that

(1) is evidence-based;

(2) involves parents;

(3) is consistent with available research and best practices for high quality early childhood education;

(4) incorporates guidelines adopted by the department for early learning that

(A) enhance school readiness;

(B) increase parent understanding of child development and developmental milestones;

(C) reduce the incidence of child abuse and neglect;

(D) increase identification of health problems and developmental delays through regular screenings;

(E) improve child health indicators, including immunization

1 rates; and

2 (F) increase parental involvement; and

3 (5) provides for effective and efficient coordination with or expansion
4 of early education programs operating in the state, to the extent permitted by law.

5 (b) A school district shall, to the extent space is needed and available, provide
6 for the use of a room in a school at no charge to support the program established under
7 this section.

8 (c) The department shall develop and enter into local partnerships to
9 implement the program established under this section.

10 * **Sec. 16.** AS 14.07.020(a) is amended to read:

11 (a) The department shall

12 (1) exercise general supervision over the public schools of the state
13 except the University of Alaska;

14 (2) study the conditions and needs of the public schools of the state,
15 adopt or recommend plans, administer and evaluate grants to improve school
16 performance awarded under AS 14.03.125, and adopt regulations for the improvement
17 of the public schools; the department may consult with the University of Alaska to
18 develop secondary education requirements to improve student achievement in college
19 preparatory courses;

20 (3) provide advisory and consultative services to all public school
21 governing bodies and personnel, **including culturally responsive advisory,**
22 **supportive, and consultative services;**

23 (4) prescribe by regulation a minimum course of study for the public
24 schools; the regulations must provide that, if a course in American Sign Language is
25 given, the course shall be given credit as a course in a foreign language;

26 (5) establish, in coordination with the Department of Health and Social
27 Services, a program for the continuing education of children who are held in juvenile
28 detention facilities or juvenile treatment facilities, as those terms are defined in
29 AS 47.12.990, in the state during the period of detention or treatment;

30 (6) accredit those public schools that meet accreditation standards
31 prescribed by regulation by the department; these regulations shall be adopted by the

department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will ensure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over early education programs [PRE-ELEMENTARY SCHOOLS] that receive direct state or federal funding, including early education programs provided by a school district for students four and five years of age, approve an early education program provided by a school district that complies with the standards adopted by the board under AS 14.07.165(a)(5), and revoke approval of an early education program if the program does not comply with the standards adopted by the board under AS 14.07.165(a)(5);

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be licensed;

(11) review plans for construction of new public elementary and secondary schools and for additions to and major rehabilitation of existing public elementary and secondary schools and, in accordance with regulations adopted by the department, determine and approve the extent of eligibility for state aid of a school construction or major maintenance project; for the purposes of this paragraph, "plans" include educational specifications, schematic designs, projected energy consumption

and costs, and final contract documents;

(12) provide educational opportunities in the areas of vocational education and training, and basic education to individuals over 16 years of age who are no longer attending school; the department may consult with businesses and labor unions to develop a program to prepare students for apprenticeships or internships that will lead to employment opportunities;

(13) administer the grants awarded under AS 14.11;

(14) establish, in coordination with the Department of Public Safety, a school bus driver training course;

(15) require the reporting of information relating to school disciplinary and safety programs under AS 14.33.120 and of incidents of disruptive or violent behavior;

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(a)(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(a)(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in language arts and mathematics, as provided in AS 14.03.123(f)(1)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(a)(14) or redirecting public school funding under AS 14.07.030(a)(15);

(18) oversee and support the division of cultural education, including in developing culturally responsive curricula, assessments, and professional training for teachers;

(19) establish a reading program to provide direct support for and

intervention in the reading intervention programs of participating schools as described in AS 14.30.765 and 14.30.770;

(20) annually convene, either in person or electronically, a panel to review and comment on the effectiveness of the programs created by the department and the regulations adopted by the board to implement AS 14.03.410, 14.03.420, AS 14.30.760 - 14.30.770, and 14.30.800; the panel must collectively represent the regions of the state and include teachers of grades kindergarten through three, school administrators, parents of students in grades kindergarten through three, stakeholders from Alaska Native language immersion programs, representatives from early education stakeholder groups, and researchers of best practices for improving literacy performance, including best practices for instruction of indigenous students and students whose first language is not English;

(21) annually convene an in-person or digital reading convention that includes support for reading in Alaska Native and other non-English languages.

* Sec. 17. AS 14.07.020(a), as amended by sec. 16 of this Act, is amended to read:

(a) The department shall

(1) exercise general supervision over the public schools of the state except the University of Alaska;

(2) study the conditions and needs of the public schools of the state, adopt or recommend plans, administer and evaluate grants to improve school performance awarded under AS 14.03.125, and adopt regulations for the improvement of the public schools; the department may consult with the University of Alaska to develop secondary education requirements to improve student achievement in college preparatory courses;

(3) provide advisory and consultative services to all public school governing bodies and personnel, including culturally responsive advisory, supportive, and consultative services;

(4) prescribe by regulation a minimum course of study for the public schools; the regulations must provide that, if a course in American Sign Language is

given, the course shall be given credit as a course in a foreign language;

(5) establish, in coordination with the Department of Health and Social Services, a program for the continuing education of children who are held in juvenile detention facilities or juvenile treatment facilities, as those terms are defined in AS 47.12.990, in the state during the period of detention or treatment;

(6) accredit those public schools that meet accreditation standards prescribed by regulation by the department; these regulations shall be adopted by the department and presented to the legislature during the first 10 days of any regular session, and become effective 45 days after presentation or at the end of the session, whichever is earlier, unless disapproved by a resolution concurred in by a majority of the members of each house;

(7) prescribe by regulation, after consultation with the state fire marshal and the state sanitarian, standards that will ensure healthful and safe conditions in the public and private schools of the state, including a requirement of physical examinations and immunizations in pre-elementary schools; the standards for private schools may not be more stringent than those for public schools;

(8) exercise general supervision over early education programs that receive direct state or federal funding, including early education programs provided by a school district for students four and five years of age [, APPROVE AN EARLY EDUCATION PROGRAM PROVIDED BY A SCHOOL DISTRICT THAT COMPLIES WITH THE STANDARDS ADOPTED BY THE BOARD UNDER AS 14.07.165(a)(5), AND REVOKE APPROVAL OF AN EARLY EDUCATION PROGRAM IF THE PROGRAM DOES NOT COMPLY WITH THE STANDARDS ADOPTED BY THE BOARD UNDER AS 14.07.165(a)(5)];

(9) exercise general supervision over elementary and secondary correspondence study programs offered by municipal school districts or regional educational attendance areas; the department may also offer and make available to any Alaskan through a centralized office a correspondence study program;

(10) accredit private schools that request accreditation and that meet accreditation standards prescribed by regulation by the department; nothing in this paragraph authorizes the department to require religious or other private schools to be

1 licensed;

2 (11) review plans for construction of new public elementary and
3 secondary schools and for additions to and major rehabilitation of existing public
4 elementary and secondary schools and, in accordance with regulations adopted by the
5 department, determine and approve the extent of eligibility for state aid of a school
6 construction or major maintenance project; for the purposes of this paragraph, "plans"
7 include educational specifications, schematic designs, projected energy consumption
8 and costs, and final contract documents;

9 (12) provide educational opportunities in the areas of vocational
10 education and training, and basic education to individuals over 16 years of age who
11 are no longer attending school; the department may consult with businesses and labor
12 unions to develop a program to prepare students for apprenticeships or internships that
13 will lead to employment opportunities;

14 (13) administer the grants awarded under AS 14.11;

15 (14) establish, in coordination with the Department of Public Safety, a
16 school bus driver training course;

17 (15) require the reporting of information relating to school disciplinary
18 and safety programs under AS 14.33.120 and of incidents of disruptive or violent
19 behavior;

20 (16) establish by regulation criteria, based on low student performance,
21 under which the department may intervene in a school district to improve instructional
22 practices, as described in AS 14.07.030(a)(14) or (15); the regulations must include

23 (A) a notice provision that alerts the district to the deficiencies
24 and the instructional practice changes proposed by the department;

25 (B) an end date for departmental intervention, as described in
26 AS 14.07.030(a)(14)(A) and (B) and (15), after the district demonstrates three
27 consecutive years of improvement consisting of not less than two percent
28 increases in student proficiency on standards-based assessments in language
29 arts and mathematics, as provided in AS 14.03.123(f)(1)(A); and

30 (C) a process for districts to petition the department for
31 continuing or discontinuing the department's intervention;

(17) notify the legislative committees having jurisdiction over education before intervening in a school district under AS 14.07.030(a)(14) or redirecting public school funding under AS 14.07.030(a)(15);

(18) oversee and support the division of cultural education, including in developing culturally responsive curricula, assessments, and professional training for teachers [;

(19) ESTABLISH A READING PROGRAM TO PROVIDE DIRECT SUPPORT FOR AND INTERVENTION IN THE READING INTERVENTION PROGRAMS OF PARTICIPATING SCHOOLS AS DESCRIBED IN AS 14.30.765 AND 14.30.770;

(20) ANNUALLY CONVENE, EITHER IN PERSON OR ELECTRONICALLY, A PANEL TO REVIEW AND COMMENT ON THE EFFECTIVENESS OF THE PROGRAMS CREATED BY THE DEPARTMENT AND THE REGULATIONS ADOPTED BY THE BOARD TO IMPLEMENT AS 14.03.410, 14.03.420, AS 14.30.760 - 14.30.770, AND 14.30.800; THE PANEL MUST COLLECTIVELY REPRESENT THE REGIONS OF THE STATE AND INCLUDE TEACHERS OF GRADES KINDERGARTEN THROUGH THREE, SCHOOL ADMINISTRATORS, PARENTS OF STUDENTS IN GRADES KINDERGARTEN THROUGH THREE, STAKEHOLDERS FROM ALASKA NATIVE LANGUAGE IMMERSION PROGRAMS, REPRESENTATIVES FROM EARLY EDUCATION STAKEHOLDER GROUPS, AND RESEARCHERS OF BEST PRACTICES FOR IMPROVING LITERACY PERFORMANCE, INCLUDING BEST PRACTICES FOR INSTRUCTION OF INDIGENOUS STUDENTS AND STUDENTS WHOSE FIRST LANGUAGE IS NOT ENGLISH;

(21) ANNUALLY CONVENE AN IN-PERSON OR DIGITAL READING CONVENTION THAT INCLUDES SUPPORT FOR READING IN ALASKA NATIVE AND OTHER NON-ENGLISH LANGUAGES].

* **Sec. 18.** AS 14.07.020(c) is amended to read:

(c) In this section, **"early education program"** ["PRE-ELEMENTARY SCHOOL"] means a **program, other than a head start program operated under 42 U.S.C. 9831 - 9852c,** [SCHOOL] for children ages three through five years if the

program's [SCHOOL'S] primary function is educational.

* **Sec. 19.** AS 14.07.020 is amended by adding a new subsection to read:

(d) When performing the duties required by (a) of this section, the department shall provide culturally responsive support to all public school governing bodies and personnel.

* **Sec. 20.** AS 14.07.050 is amended to read:

Sec. 14.07.050. Selection of textbooks. Textbooks for use in the public schools of the state, including a district offered statewide correspondence study program, shall be selected by district boards for district schools. **The department shall consult with tribes and school districts to identify, develop, and promote the use of culturally responsive textbooks.** Nothing in this section precludes

(1) a correspondence study student, or the parent or guardian of a correspondence study student, from privately obtaining or using textbooks or curriculum material not provided by the school district;

(2) the department from selecting and purchasing or developing supplementary reading textbooks and materials, including culturally responsive textbooks and materials, for school districts to support reading intervention services provided under AS 14.30.765 and 14.30.770.

* **Sec. 21.** AS 14.07.050, as amended by sec. 20 of this Act, is amended to read:

Sec. 14.07.050. Selection of textbooks. Textbooks for use in the public schools of the state, including a district offered statewide correspondence study program, shall be selected by district boards for district schools. The department shall consult with tribes and school districts to identify, develop, and promote the use of culturally responsive textbooks. Nothing in this section precludes

[(1)] a correspondence study student, or the parent or guardian of a correspondence study student, from privately obtaining or using textbooks or curriculum material not provided by the school district [;

(2) THE DEPARTMENT FROM SELECTING AND PURCHASING OR DEVELOPING SUPPLEMENTARY READING TEXTBOOKS AND MATERIALS, INCLUDING CULTURALLY RESPONSIVE TEXTBOOKS AND MATERIALS, FOR SCHOOL DISTRICTS TO SUPPORT READING

INTERVENTION SERVICES PROVIDED UNDER AS 14.30.765 AND 14.30.770].

* **Sec. 22.** AS 14.07.165(a) is amended to read:

(a) The board shall adopt

(1) statewide goals and require each governing body to adopt written goals that are consistent with local needs;

(2) regulations regarding the application for and award of grants under AS 14.03.125;

(3) regulations implementing provisions of AS 14.11.014(b);

(4) regulations requiring approval by the board before a charter school, state boarding school, or a public school may provide domiciliary services;

(5) regulations establishing standards for an early education program provided by a school district for children who are four and five years of age; the regulations must include

(A) standards for a locally designed, evidence-based program that meets Head Start Program Performance Standards and other federal standards required for early education programs to receive federal funding;

(B) a requirement that a teacher in charge of a program hold a valid teacher certificate issued under AS 14.20 and

(i) have satisfactorily completed a minimum of six credit hours in early childhood education or completes the minimum credit hours within two years of the date the teacher's employment with the early education program begins; or

(ii) have two or more years of experience teaching kindergarten or another early education program and have completed additional coursework related to reading instruction, as required by the department;

(C) developmentally appropriate objectives for children four and five years of age rather than academic standards appropriate for older children; the objectives must allow school districts to develop the content of an early education program to be culturally responsive to local

communities;

(D) accommodations for the needs of all early education children and their families regardless of socioeconomic circumstances; and

(E) standards for day in session requirements appropriate for children four and five years of age;

(6) regulations establishing standards for day in session requirements appropriate for kindergarten students;

(7) regulations, developed in consultation with the division of cultural education and the Commission on Cultural Education, establishing

(A) standards and a procedure for the review, ranking, and approval of culturally responsive curricula; and

(B) procedures and criteria for the approval of culturally based schools [REPEALED].

* Sec. 23. AS 14.07.168 is amended to read:

Sec. 14.07.168. Report to the legislature. Not later than the 30th legislative day of each regular session of the legislature, the board shall prepare and present in person to the legislative committees having jurisdiction over education an annual report that describes the efforts of the board to develop, maintain, and continuously improve a comprehensive quality public education system, as provided for under the bylaws of the board. The report must include

(1) a summary of the resolves and rationales provided in support of policy decisions made under AS 14.03.015;

(2) program and curriculum changes made, discussed, or recommended in meetings held under AS 14.07.125;

(3) additional information relevant to efforts made to improve and maintain the public education system;

(4) a summary of implementation and utilization of the library established under AS 14.30.800, including a review of library effectiveness and the participation rates of districts, teachers, and students.

* Sec. 24. AS 14.07.168, as amended by sec. 23 of this Act, is amended to read:

Sec. 14.07.168. Report to the legislature. Not later than the 30th legislative day of each regular session of the legislature, the board shall prepare and present in person to the legislative committees having jurisdiction over education an annual report that describes the efforts of the board to develop, maintain, and continuously improve a comprehensive quality public education system, as provided for under the bylaws of the board. The report must include

(1) a summary of the resolves and rationales provided in support of policy decisions made under AS 14.03.015;

(2) program and curriculum changes made, discussed, or recommended in meetings held under AS 14.07.125;

(3) additional information relevant to efforts made to improve and maintain the public education system [;

(4) A SUMMARY OF IMPLEMENTATION AND UTILIZATION OF THE LIBRARY ESTABLISHED UNDER AS 14.30.800, INCLUDING A REVIEW OF LIBRARY EFFECTIVENESS AND THE PARTICIPATION RATES OF DISTRICTS, TEACHERS, AND STUDENTS].

* **Sec. 25.** AS 14.07.180(a) is amended to read:

(a) Notwithstanding any other provision of law, the board shall establish standards and a procedure for the review, ranking, and approval of mathematics and English and language arts curricula for school districts to use in each grade level as provided in this section. The board may include curricula delivered through virtual education in the standards and procedure established under this subsection. **Standards established for the review, ranking, and approval of language arts curricula for early education programs and grades kindergarten through three must be based on phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, and cultural responsiveness.**

* **Sec. 26.** AS 14.07 is amended by adding new sections to read:

Article 3. Cultural Education.

Sec. 14.07.200. Division of cultural education. The division of cultural education is established in the department. The director of cultural education shall supervise the division. The division shall employ not fewer than three staff members

1 in addition to the director.

2 **Sec. 14.07.210. Duties of the division.** The division of cultural education shall

3 (1) assist a school district with curriculum development and
4 curriculum modification so that the curriculum meets culturally based standards
5 appropriate to the region the school district serves;

6 (2) support school district development of school terms and calendars
7 that comply with AS 14.03.030 and accommodate local cultural traditions and
8 lifestyles;

9 (3) meet standards for curriculum established by the department;

10 (4) assist districts with creating orientation and training materials for
11 district employees that communicate what can be expected in a cross-cultural
12 environment using culturally based standards;

13 (5) staff and support the Commission on Cultural Education
14 established in AS 14.07.220;

15 (6) support school district establishment and operation of culturally
16 based schools;

17 (7) review and approve or deny requests for culturally responsive
18 curriculum grants.

19 **Sec. 14.07.220. Commission on Cultural Education.** (a) The Commission on
20 Cultural Education is established in the division of cultural education to assist the
21 board in developing state standards for culturally based education and culturally based
22 assessments, and in implementing culturally based education and culturally based
23 schools. The division shall provide staff to the commission.

24 (b) The commission reports to the board.

25 (c) The board shall adopt a regulation establishing the number of
26 commissioners.

27 (d) The commission must include

28 (1) at least one commissioner from each of the four judicial districts in
29 the state;

30 (2) a commissioner representing each of the following:

31 (A) Alaska Native elders;

(B) Alaska Native language experts;

(C) department staff who establish curriculum standards;

(D) school district representatives representing the four judicial districts in the state;

(E) school district representatives representing districts with fewer than 2,500 students;

(3) other members as determined by the board.

(e) For purposes of (d) of this section, a commissioner may represent more than one of the listed groups.

* **Sec. 27.** AS 14.17.410(b) is amended to read:

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

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

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

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

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

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

(E) notwithstanding (A) - (C) of this paragraph, if a school

1 district's ADM adjusted for school size under (A) of this paragraph decreases
2 by five percent or more from one fiscal year to the next fiscal year, the school
3 district may use the last fiscal year before the decrease as a base fiscal year to
4 offset the decrease, according to the following method:

5 (i) for the first fiscal year after the base fiscal year
6 determined under this subparagraph, the school district's ADM adjusted
7 for school size determined under (A) of this paragraph is calculated as
8 the district's ADM adjusted for school size, plus 75 percent of the
9 difference in the district's ADM adjusted for school size between the
10 base fiscal year and the first fiscal year after the base fiscal year;

11 (ii) for the second fiscal year after the base fiscal year
12 determined under this subparagraph, the school district's ADM adjusted
13 for school size determined under (A) of this paragraph is calculated as
14 the district's ADM adjusted for school size, plus 50 percent of the
15 difference in the district's ADM adjusted for school size between the
16 base fiscal year and the second fiscal year after the base fiscal year;

17 (iii) for the third fiscal year after the base fiscal year
18 determined under this subparagraph, the school district's ADM adjusted
19 for school size determined under (A) of this paragraph is calculated as
20 the district's ADM adjusted for school size, plus 25 percent of the
21 difference in the district's ADM adjusted for school size between the
22 base fiscal year and the third fiscal year after the base fiscal year;

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

28 (G) the method established in (E) of this paragraph does not
29 apply to a decrease in the district's ADM adjusted for school size resulting
30 from a loss of enrollment that occurs as a result of a boundary change under
31 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, basic need 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 current fiscal year without adjustment, and adding that number to the sum of the district's ADM of the consolidated schools for the current fiscal year as adjusted under (A) - (C) of this paragraph;

(ii) for the third fiscal year 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 sum of 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, multiplying that number by the sum of the district's ADM of the consolidated schools for the current fiscal year without adjustment, multiplying that number by 66 percent, and adding that number to the sum of the district's ADM of the consolidated schools for the current fiscal year as adjusted under (A) - (C) of this paragraph;

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

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

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

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

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

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

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

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

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

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

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

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

* **Sec. 28.** AS 14.17.420 is amended to read:

Sec. 14.17.420. Funding for special needs, secondary school vocational and technical instruction, [AND] intensive services, and culturally based schools. (a) As a component of public school funding, a district is eligible for special needs **funding,** [AND] secondary school vocational and technical instruction funding, **and**

culturally based school funding and may be eligible for intensive services funding as follows:

(1) special needs funding is available to a district to assist the district in providing special education, gifted and talented education, vocational education, and bilingual education services to its students; a special needs funding factor of 1.20 shall be applied as set out in AS 14.17.410(b)(1);

(2) in addition to the special needs funding for which a district is eligible under (1) of this subsection, a district is eligible for intensive services funding for each special education student who needs and receives intensive services and is enrolled on the last day of the count period; for each such student, intensive services funding is equal to the intensive student count multiplied by 13;

(3) in addition to the special needs and intensive services funding available under (1) and (2) of this subsection, secondary school vocational and technical instruction funding is available to assist districts in providing vocational and technical instruction to students who are enrolled in a secondary school; a secondary school vocational and technical instruction funding factor of 1.015 shall be applied as set out in AS 14.17.410(b)(1); in this paragraph, "vocational and technical instruction" excludes costs associated with

(A) administrative expenses; and

(B) instruction in general literacy, mathematics, and job readiness skills;

(4) in addition to the special needs, intensive services, and secondary school vocational and technical instruction funding available under (1) - (3) of this subsection, culturally based school funding is available to assist districts in providing culturally based education to students who are enrolled in a culturally based school; a culturally based school funding factor of 1.015 shall be applied as set out in AS 14.17.410(b)(1).

(b) If a district offers

(1) special education, gifted and talented education, vocational education, or bilingual education services, in order to receive funding under (a)(1) of this section, the district must file with the department a plan that indicates the services

that will be provided to students who receive these services;

(2) culturally based education, in order to receive funding under (a)(4) of this section, the district must offer culturally based education at a culturally based school approved by the board as provided in AS 14.07.165 and certify that the district will spend culturally based school funding on culturally based schools.

(c) In this section,

(1) "culturally based school" has the meaning given in AS 14.60.010;

(2) "intensive services" has the meaning given by the department by regulation adopted under AS 14.30.180 - 14.30.350.

* **Sec. 29.** AS 14.17.430 is amended to read:

Sec. 14.17.430. State funding for correspondence study. Except as provided in AS 14.17.400(b), funding for the state centralized correspondence study program or a district correspondence program, including a district that offers a statewide correspondence study program, includes an allocation from the public education fund in an amount calculated by **using** [MULTIPLYING] the ADM of the correspondence program **reported under AS 14.17.500(a) and 14.17.600(a)** [BY 90 PERCENT].

* **Sec. 30.** AS 14.17.470 is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is **\$6,153** [\$5,930].

* **Sec. 31.** AS 14.17.470, as amended by sec. 30 of this Act, is amended to read:

Sec. 14.17.470. Base student allocation. The base student allocation is **\$6,208** [\$6,153].

* **Sec. 32.** AS 14.17.500 is amended by adding new subsections to read:

(d) Except as provided in (e) - (g) of this section, a student in a district-wide early education program provided by a school district and approved by the department under AS 14.07.020(a)(8) is counted as one-half of a full-time equivalent student.

(e) A school district may not include in a school's ADM students who are four and five years of age if the students are enrolled in an early education program that receives state or federal funding other than funding under this chapter.

(f) A school district may not include in a school's ADM students who are four and five years of age if inclusion of the students would result in an increase of total state aid attributable to district-wide early education programs approved under AS 14.03.410 of more than \$5,000,000 from the previous fiscal year. The department shall prioritize the funding of district-wide early education programs, giving priority to school districts with lower performance, based on the department's ranking of districts under AS 14.03.410(c). When the number of students in a district-wide early education program will result in an increase of total state aid attributable to district-wide early education programs approved under AS 14.03.410 of more than \$5,000,000 from the previous fiscal year, the department may identify the amount, up to \$5,000,000, available for the district's district-wide early education program.

(g) For purposes of AS 14.09.010, a student in a district-wide early education program provided by a school district and approved by the department under AS 14.07.020(a)(8) is counted as a full-time equivalent student.

* **Sec. 33.** AS 14.17.500(d), enacted by sec. 32 of this Act, is amended to read:

(d) **A school district may not include in the school's ADM** [EXCEPT AS PROVIDED IN (e) - (g) OF THIS SECTION,] a student in a district-wide early education program provided by **the** [A SCHOOL] district [AND APPROVED BY THE DEPARTMENT UNDER AS 14.07.020(a)(8) IS COUNTED AS ONE-HALF OF A FULL-TIME EQUIVALENT STUDENT].

* **Sec. 34.** AS 14.17.905(a) is amended to read:

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six **and, except as provided in AS 14.17.500, in an early education program provided by a school district and approved by the department under AS 14.07.020(a)(8);** and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 175 shall be counted as a part of the school in the district with the highest ADM.

* **Sec. 35.** AS 14.17.905(a), as amended by sec. 34 of this Act, is amended to read:

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six [AND, EXCEPT AS PROVIDED IN AS 14.17.500, IN AN EARLY EDUCATION PROGRAM PROVIDED BY A SCHOOL DISTRICT AND APPROVED BY THE DEPARTMENT UNDER AS 14.07.020(a)(8)]; and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 175 shall be counted as a part of the school in the district with the highest ADM.

* **Sec. 36.** AS 14.20.015(c) is amended to read:

(c) The preliminary teacher certificate issued under this section must contain the same endorsements as those on the current valid teacher certificate issued by the other state. **The department shall provide a teacher holding a preliminary teacher certificate issued under this section with materials and support to complete coursework and training in phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension,**

cross-cultural communication, Alaska Native cultural standards, and culturally responsive education approved by the board in regulation. A teacher shall complete the coursework within two years after issuance of the preliminary teacher certificate. A teacher may apply coursework, training, or testing requirements completed under this subsection toward continuing education requirements established by the board in regulation.

* **Sec. 37.** AS 14.20.015(c), as amended by sec. 36 of this Act, is amended to read:

(c) The preliminary teacher certificate issued under this section must contain the same endorsements as those on the current valid teacher certificate issued by the other state. [THE DEPARTMENT SHALL PROVIDE A TEACHER HOLDING A PRELIMINARY TEACHER CERTIFICATE ISSUED UNDER THIS SECTION WITH MATERIALS AND SUPPORT TO COMPLETE COURSEWORK AND TRAINING IN PHONEMIC AWARENESS, PHONICS, VOCABULARY DEVELOPMENT, READING FLUENCY, ORAL LANGUAGE SKILLS, READING COMPREHENSION, CROSS-CULTURAL COMMUNICATION, ALASKA NATIVE CULTURAL STANDARDS, AND CULTURALLY RESPONSIVE EDUCATION APPROVED BY THE BOARD IN REGULATION. A TEACHER SHALL COMPLETE THE COURSEWORK WITHIN TWO YEARS AFTER ISSUANCE OF THE PRELIMINARY TEACHER CERTIFICATE. A TEACHER MAY APPLY COURSEWORK, TRAINING, OR TESTING REQUIREMENTS COMPLETED UNDER THIS SUBSECTION TOWARD CONTINUING EDUCATION REQUIREMENTS ESTABLISHED BY THE BOARD IN REGULATION.]

* **Sec. 38.** AS 14.20.020(i) is amended to read:

(i) A [BEGINNING ON JULY 1, 1998, A] person is not eligible for an initial regular teacher certificate unless the person has taken and successfully completed a competency examination or examinations designated, at the time the person took the test, by the board. The board shall review nationally recognized examinations that are designed to test the competency of new teachers and shall designate those examinations that it finds adequately test the skills and abilities of new teachers. For each examination designated under this subsection, the board shall establish the

minimum acceptable level of performance, including a passing score. The board shall reevaluate the passing score for a competency examination at least once every five years and shall review each examination designated by the board at least once every three years. The board shall prioritize the review of those examinations for which the minimum passing score deviates the most from the mean passing score adopted by other jurisdictions. When reevaluating a passing score for a competency examination, the board shall consider the historical effect of the established passing score, the potential effect of changing the passing score, and the passing score currently used for the examination by other jurisdictions. The board may allow a teacher who passed a comparable competency examination required by another jurisdiction to use a score from the other jurisdiction to satisfy the competency examination requirements under this subsection. The board shall adopt regulations to implement this subsection. A regulation that changes the passing score on a competency examination takes effect on the date that is one year after the date the board adopts the regulation, or a later date prescribed by the board. In this subsection, "competency examination" includes a basic competency examination with components in reading, writing, and mathematics and a subject area examination that is specific to the subject area in which the teacher will be teaching.

* **Sec. 39.** AS 14.20.020 is amended by adding a new subsection to read:

(l) A teacher certificated under this section must, within two years after employment begins, complete coursework, training, or testing requirements in phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, and cultural responsiveness approved by the board in regulation. A teacher may apply coursework, training, or testing requirements completed under this subsection toward continuing education requirements established by the board in regulation.

* **Sec. 40.** AS 14.25.009 is repealed and reenacted to read:

Sec. 14.25.009. Applicability of AS 14.25.009 - 14.25.220. (a) The provisions of AS 14.25.009 - 14.25.220 apply to teachers who are eligible to be members of the teachers' retirement system under AS 14.25.009 - 14.25.220 and are not members of

the defined contribution retirement plan under AS 14.25.310 - 14.25.590.

(b) An employer that participates in the plan shall also participate in the defined contribution retirement plan under AS 14.25.310 - 14.25.590.

* **Sec. 41.** AS 14.25.040(a) is amended to read:

(a) Unless a teacher or member participates in a university retirement program under AS 14.40.661 - 14.40.799 or has elected under **AS 14.25.330 or former** AS 14.25.540 to participate in the plan established in AS 14.25.310 - 14.25.590, a teacher or member contracting for service with a participating employer is subject to AS 14.25.009 - 14.25.220.

* **Sec. 42.** AS 14.25.050(a) is amended to read:

(a) Except as provided in (c) **and (e)** of this section, beginning January 1, 1991, each member shall contribute to the plan an amount equal to 8.65 percent of the member's base salary accrued from July 1 to the following June 30. [THE EMPLOYER SHALL DEDUCT THE CONTRIBUTION FROM THE MEMBER'S SALARY AT THE END OF EACH PAYROLL PERIOD, AND THE CONTRIBUTION SHALL BE CREDITED BY THE PLAN TO THE MEMBER CONTRIBUTION ACCOUNT. THE CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE COMPENSATION BEFORE THE COMPUTATION OF APPLICABLE FEDERAL TAXES AND SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY IN CASH INSTEAD OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

* **Sec. 43.** AS 14.25.050 is amended by adding new subsections to read:

(e) A member who first participates in the plan after June 30, 2006, shall contribute to the plan an amount equal to eight percent of the member's compensation. The board may, from time to time, adjust the contribution under this subsection to an amount that,

(1) if decreased, is not less than eight percent of the member's compensation; and

(2) if increased, is not more than 12 percent of the member's

1 compensation.

2 (f) The employer shall deduct the contribution from the member's salary at the
3 end of each payroll period, and the contribution shall be credited by the plan to the
4 member contribution account. The contributions shall be deducted from member
5 compensation before the computation of applicable federal taxes and shall be treated
6 as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the
7 option of making the payroll deduction directly in cash instead of having the
8 contribution picked up by the employer.

9 * **Sec. 44.** AS 14.25.087 is amended to read:

10 **Sec. 14.25.087. Contributions for medical benefits.** Contributions made by
11 an employer under AS 14.25.070 and 14.25.085 must [SHALL] be separately
12 computed for benefits provided by AS 14.25.168 and 14.25.171. The contributions
13 computed for benefits provided by AS 14.25.168 must [AND SHALL] be deposited
14 in the Alaska retiree health care trust established under AS 39.30.097(a), and the
15 contributions computed for benefits provided by AS 14.25.171 must be deposited
16 in the teachers' and public employees' retiree health reimbursement arrangement
17 plan trust fund established under AS 39.30.340.

18 * **Sec. 45.** AS 14.25.110(a) is amended to read:

19 (a) Subject to AS 14.25.167, a member who first became a member of the
20 plan before July 1, 2006, is eligible for a normal retirement benefit if the member

21 (1) was first hired before July 1, 1975, has attained the age of 55 years,
22 and has at least 15 years of credited service, the last five of which have been
23 membership service, or is otherwise vested in the plan;

24 (2) has attained the age of 60 years and has at least eight years of
25 membership service;

26 (3) has attained the age of 60 years, has at least five years of
27 membership service, and has Alaska BIA service which, when added to the
28 membership service, will equal at least eight years;

29 (4) has at least 25 years of credited service, the last five of which have
30 been membership service;

31 (5) has at least 20 years of membership service;

(6) has at least 20 years of combined membership service and Alaska BIA service, the last five of which have been membership service; or

(7) has, for each of 20 school years,

(A) at least one-half year of membership service as a part-time teacher;

(B) one full year of membership service as a full-time teacher;

or

(C) any combination of service qualified under this paragraph.

* **Sec. 46.** AS 14.25.110 is amended by adding a new subsection to read:

(n) Subject to AS 14.25.167, a member who first became a member of the plan on or after July 1, 2006, is eligible for a normal retirement benefit if the member

(1) has attained the age of 60 years; or

(2) has at least 30 years of membership service.

* **Sec. 47.** AS 14.25.143(e) is amended to read:

(e) When computing a death benefit under **former** AS 14.25.155 **or under AS 14.25.157** [, 14.25.157,] or 14.25.160 or a survivor's benefit under AS 14.25.162, 14.25.164, or 14.25.167, adjustments granted to the deceased member or survivor under this section shall be included in the computation.

* **Sec. 48.** AS 14.25.157(a) is amended to read:

(a) If [(1)] the death of a member occurs before the member first attains eligibility for normal retirement [, AND (2) THE PROXIMATE CAUSE OF DEATH IS A BODILY INJURY SUSTAINED OR HAZARD UNDERGONE WHILE IN THE PERFORMANCE AND WITHIN THE SCOPE OF THE MEMBER'S DUTIES OF EMPLOYMENT,] and **the death** [(3) THE INJURY OR HAZARD] is not the proximate result of wilful negligence on the part of the member, the administrator shall pay a monthly survivor's pension equal to 40 percent of the member's base salary at the time of termination of employment, divided by 12, to the member's surviving spouse. If there is no surviving spouse, the administrator shall pay the monthly survivor's pension in equal parts to the dependent children of the member. On the date the normal retirement of the member would have occurred if the member had lived, monthly payments must equal the monthly amount of the normal retirement benefit to

which the member, had the member lived and continued employment until the member's normal retirement date, would have been entitled with an average base salary as existed at the member's death and the credited service to which the member would have been entitled. If the member does not have a spouse or dependent children at the time of death or if the member designates as beneficiary under AS 14.25.166 someone other than the surviving spouse or dependent children, the administrator shall pay the member's designated beneficiary those benefits available to a beneficiary under AS 14.25.160(b) and (c) and may not pay a benefit to the surviving spouse or dependent children.

* **Sec. 49.** AS 14.25.157(c) is amended to read:

(c) Benefits are not payable under this section if benefits are payable under **former** AS 14.25.155 **or under AS 14.25.160** [, 14.25.160], 14.25.162, 14.25.164, or 14.25.167.

* **Sec. 50.** AS 14.25.162(b) is amended to read:

(b) A survivor's allowance is payable under this section as follows:

(1) an allowance of 10 percent of the member's base salary immediately before the member's death, retirement, or disability shall be paid for each dependent child; if there are four or more dependent children, the total amount paid to those children is 40 percent of the member's base salary before the member's death, retirement, or disability, paid in equal amounts to each child; the allowance shall be recomputed for the month in which the number of dependent children is less than four and the benefits shall be decreased accordingly; the adoption of a dependent child does not terminate the survivor's allowance payable under this section;

(2) an allowance of 35 percent of the member's base salary shall be paid to the member's surviving spouse as long as there is an eligible dependent child, as determined under (b)(1) of this section, for whom the surviving spouse is legally responsible; if there is no surviving spouse, an allowance of 10 percent of the member's base salary shall be paid to each court-appointed guardian, not to exceed one allowance for each child or for each group of children who have the same guardian or joint guardians;

(3) when no further benefits are payable under this section, the

1 difference between the amount that would have been paid under AS 14.25.160 and any
2 payments made to the member, spouse, guardian, or dependent children under this
3 section shall be paid to those beneficiaries described in AS 14.25.166;

4 (4) benefits are not payable under this section if benefits are payable
5 under **former** AS 14.25.155 **or under AS 14.25.157** [, 14.25.157], 14.25.164, or
6 14.25.167.

7 * **Sec. 51.** AS 14.25.164(b) is amended to read:

8 (b) A spouse's pension is payable under this section as follows:

9 (1) a spouse's pension is equal to 50 percent of the retirement benefit
10 that the deceased member was receiving; if the member was not receiving a retirement
11 benefit, the spouse's pension is equal to 50 percent of the amount the member would
12 have received, based on the member's average base salary and credited service to the
13 date of the member's death and assuming that the member would have been eligible
14 for a normal retirement benefit as of that date;

15 (2) in the event of the death of a member's spouse who is receiving a
16 spouse's pension, the difference between the amount that would have been paid under
17 AS 14.25.160 and any payments made to the member, spouse, guardian, or dependent
18 children shall be paid to those beneficiaries described in AS 14.25.166;

19 (3) benefits are not payable under this section if benefits are payable
20 under **former** AS 14.25.155 **or under AS 14.25.157** [, 14.25.157], 14.25.162, or
21 14.25.167.

22 * **Sec. 52.** AS 14.25.167(a) is amended to read:

23 (a) Benefits payable under this section are in place of benefits payable under
24 **former AS 14.25.155 or under** AS 14.25.110, 14.25.125, [14.25.155,] 14.25.157,
25 14.25.160, 14.25.162, or 14.25.164. Upon filing an application for retirement with the
26 administrator, or when a disabled member becomes eligible for normal retirement
27 under AS 14.25.130(e), the member shall designate the person who is the member's
28 spouse at the time of appointment to retirement as the contingent beneficiary.
29 However, if the designation of the spouse is revoked under (c) of this section, the
30 member may designate a dependent approved by the administrator as the contingent
31 beneficiary or may take normal or early retirement under AS 14.25.110 or 14.25.125.

1 The administrator shall pay benefits under the option elected by the member. The
2 member may elect an option that provides that

3 (1) the member is entitled to receive a reduced benefit payable for life,
4 and, after the member's death, the contingent beneficiary is entitled to receive
5 payments in the amount of 75 percent of the reduced benefit for life;

6 (2) the member is entitled to receive a reduced benefit payable for life,
7 and, after the member's death, the contingent beneficiary is entitled to receive
8 payments in the amount of 50 percent of the reduced benefit for life; or

9 (3) the member is entitled to receive a reduced benefit payable during
10 the joint lifetime of the member and the contingent beneficiary, and, after the death of
11 either the member or the contingent beneficiary, the survivor is entitled to receive
12 payments in the amount of 66-2/3 percent of the reduced benefit for life.

13 * **Sec. 53.** AS 14.25.167(e) is amended to read:

14 (e) If either the member or contingent beneficiary dies before the member is
15 appointed to retirement, the election becomes inoperative. Once the member is
16 appointed to retirement, the election is irrevocable, even if the retired member is
17 reemployed. Any additional retirement benefit to which the reemployed member may
18 become entitled will be paid in accordance with the initial election made under this
19 section, unless the contingent beneficiary is deceased. If the contingent beneficiary is
20 deceased, the benefits earned during the period of reemployment are subject to
21 AS 14.25.110, or this section if another contingent beneficiary was designated during
22 the period of reemployment. All other benefits earned during previous periods of
23 employment are subject to the election at the time the member was appointed to
24 retirement. [IF DEATH OCCURS DURING THE PERIOD OF REEMPLOYMENT
25 AND THE PROXIMATE CAUSE OF DEATH IS NOT A BODILY INJURY
26 SUSTAINED OR HAZARD UNDERGONE WHILE IN THE PERFORMANCE
27 AND WITHIN THE SCOPE OF THE MEMBER'S DUTIES OF EMPLOYMENT,
28 THOSE BENEFITS EARNED WHILE REEMPLOYED ARE SUBJECT TO
29 AS 14.25.155(c).] All other benefits earned during previous periods of employment
30 are subject to the election at the time the member was appointed to retirement. If death
31 occurs during the period of reemployment and [THE PROXIMATE CAUSE OF

DEATH IS A BODILY INJURY SUSTAINED OR HAZARD UNDERGONE WHILE IN THE PERFORMANCE AND WITHIN THE SCOPE OF THE MEMBER'S DUTIES OF EMPLOYMENT AND THE INJURY OR HAZARD] is not the proximate result of wilful negligence on the part of the member, all benefits earned during all periods of employment are subject to AS 14.25.157.

* **Sec. 54.** AS 14.25.168(a) is amended to read:

(a) Except as provided in AS 14.25.171 and (c) of this section, the following persons are entitled to major medical insurance coverage under this section:

(1) for teachers first hired before July 1, 1990,

(A) a teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(B) the spouse and dependent children of the teacher described in (A) of this paragraph;

(C) the surviving spouse of a deceased teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased teacher who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for teachers first hired on or after July 1, 1990,

(A) a teacher who is receiving a monthly benefit from the plan and who has elected coverage for the teacher;

(B) the spouse of the teacher described in (A) of this paragraph if the teacher elected coverage for the spouse;

(C) the dependent children of the teacher described in (A) of this paragraph if the teacher elected coverage for the dependent children;

(D) the surviving spouse of a deceased teacher who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased teacher who are dependent on the surviving spouse described in (D) of this paragraph if the surviving spouse has elected coverage for the dependent children.

* **Sec. 55.** AS 14.25.169 is amended to read:

Sec. 14.25.169. Duplicate benefits. If payments from this retirement plan are

1 due to a teacher or to the teacher's spouse under more than one provision of this plan,
2 the teacher or spouse shall elect under which provision and which benefit the teacher
3 or spouse wishes to receive and no payments may be made under any other provision.
4 However, benefits under **former** AS 14.25.155 **or under AS 14.25.157** [, 14.25.157],
5 14.25.160, 14.25.162, 14.25.164, and 14.25.167 shall be paid in addition to those
6 benefits or that service credit a person is entitled to receive because of the person's
7 own membership in the retirement plan. A teacher may not receive (1) duplicate credit
8 under this plan for the same period of service, (2) more than one year of service credit
9 in the course of a school year, or (3) a benefit while accruing service credit under this
10 plan, except as provided in this section.

11 * **Sec. 56.** AS 14.25 is amended by adding a new section to read:

12 **Sec. 14.25.171. Medical benefit; eligibility of employees first hired after**
13 **June 30, 2006; surviving spouses and dependents.** (a) An employee who became a
14 member of the plan after June 30, 2006, retired directly from the plan, receives a
15 monthly benefit from the plan, and has elected benefits under this section is entitled to
16 medical benefits under this section. A member who applies for medical benefits under
17 this section shall apply on the forms and in the manner prescribed by the
18 administrator.

19 (b) The member's surviving spouse is eligible to elect medical benefits if the
20 member had retired or was eligible for retirement and medical benefits at the time of
21 the member's death.

22 (c) The medical benefits available to eligible persons are access to the retiree
23 major medical insurance plan and access to the health reimbursement arrangement
24 plan under AS 39.30.300. Access to the retiree major medical insurance plan means
25 that an eligible person may not be denied insurance coverage except for failure to pay
26 the required premium.

27 (d) Retiree major medical insurance plan coverage elected by an eligible
28 member under this section covers the eligible member, the spouse of the eligible
29 member, and the dependent children of the eligible member.

30 (e) Retiree major medical insurance plan coverage elected by a surviving
31 spouse of an eligible member under this section covers the surviving spouse and the

dependent children of the eligible member who are dependent on the surviving spouse.

(f) Participation in the retiree major medical insurance plan is not required in order to participate in the health reimbursement arrangement plan.

(g) A person eligible for medical benefits under this section is not required to participate in the health reimbursement arrangement plan in order to participate in the retiree major medical insurance plan.

(h) A person who is eligible for medical benefits under this section must make the irrevocable election to participate or not participate in the retiree major medical insurance plan on or before the date the person reaches 70 1/2 years of age or when the person applies for retirement and medical benefits, whichever is later.

(i) Major medical insurance coverage takes effect on the first day of the month following the date of the administrator's approval of the election and stops when the person who elects coverage dies or fails to make a required premium payment.

(j) The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program.

(k) The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement plan. If the amount of the health reimbursement arrangement plan becomes insufficient to pay the premiums, the person who elects coverage under (a) of this section shall pay the premiums directly.

(l) The cost of premiums for retiree major medical insurance coverage under this section for an eligible member or surviving spouse who is

(1) not eligible for Medicare is an amount equal to the full monthly group premiums for retiree major medical insurance coverage;

(2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:

(A) 30 percent if the member had 10 or more, but less than 15, years of service;

(B) 25 percent if the member had 15 or more, but less than 20,

years of service;

(C) 20 percent if the member had 20 or more, but less than 25, years of service;

(D) 15 percent if the member had 25 or more, but less than 30, years of service;

(E) 10 percent if the member had 30 or more years of service.

(m) The eligibility for retiree major medical insurance coverage for an alternate payee under a qualified domestic relations order shall be determined based on the eligibility of the member to elect coverage. The alternate payee shall pay the full monthly premium for retiree major medical insurance coverage.

(n) The administrator shall

(1) inform a person entitled to retiree major medical insurance coverage under this section in writing

(A) that the health insurance coverage available to retired members may be different from the health insurance coverage provided to employees;

(B) of time limits for selecting optional health insurance coverage; and

(C) whether the election is irrevocable; and

(2) require that a person entitled to retiree major medical insurance coverage under this section indicate in writing on a form provided by the administrator whether the person has

(A) received the information required by this subsection; and

(B) chosen to receive optional health insurance coverage.

(o) The monthly group premiums for retiree major medical insurance coverage under this section are established by the administrator in accordance with AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under (a) of this section a monthly group premium rate for retiree major medical insurance coverage other than the premium in effect for the month in which the premium is due for coverage for that month.

(p) In this section, "health reimbursement arrangement plan" means the State

of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established in AS 39.30.300.

* **Sec. 57.** AS 14.25.220(5) is amended to read:

(5) "average base salary" means,

(A) for a teacher who first became a member before July 1, 2006, the result obtained by dividing the sum of the member's three highest years' base salary by three, or if a member does not have three years base salary, then by dividing the sum of all base salaries by the number of years of base salary;

(B) for a teacher who first became a member on or after July 1, 2006, the result obtained by dividing the sum of the member's five highest consecutive years' base salary by five, or if a member does not have five years' base salary, then by dividing the sum of all base salaries by the number of years of base salary; the base salary for a year in which credit is granted for disability totaling more than one-third of a year may not be used in the computation of the average base salary; the base salary in a school year for which the member receives compensation for less than two-thirds of a year may not be used in the computation of the average base salary; if compensation is received for more than two-thirds of a year, the full base salary for that school year shall be used in the computation of the average base salary;

* **Sec. 58.** AS 14.25.310 is amended to read:

Sec. 14.25.310. Applicability of AS 14.25.310 - 14.25.590. The provisions of AS 14.25.310 - 14.25.590 apply only to

(1) teachers who first become members on or after July 1, 2006, and before the effective date of this section who do not transfer to a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680;

(2) teachers described in AS 14.25.330 who elect under that section to become [TO MEMBERS WHO ARE EMPLOYED BY EMPLOYERS THAT DO NOT PARTICIPATE IN THE DEFINED BENEFIT RETIREMENT PLAN ESTABLISHED UNDER AS 14.25.009 - 14.25.220, TO FORMER MEMBERS

1 UNDER AS 14.25.220, OR TO] members; and

2 (3) teachers who transferred [TRANSFER] into the defined
3 contribution retirement plan under former AS 14.25.540.

4 * **Sec. 59.** AS 14.25.310 is amended by adding a new subsection to read:

5 (b) An employer that participates in the plan shall also participate in the
6 defined benefit retirement plan under AS 14.25.009 - 14.25.220.

7 * **Sec. 60.** AS 14.25.330 is repealed and reenacted to read:

8 **Sec. 14.25.330. Retirement plan election option.** (a) Except as provided in (f)
9 of this section, a teacher who is first hired on or after the effective date of this section
10 may make a one-time election to participate in the defined contribution retirement plan
11 under AS 14.25.310 - 14.25.590 retroactive to the date of hire and may transfer to that
12 plan employee contributions, if any, and employer contributions, if any, that have been
13 made to the defined benefit retirement plan under AS 14.25.009 - 14.25.220. Before
14 employer contributions are transferred under this subsection, the administrator shall
15 recalculate them under AS 14.25.070.

16 (b) The election to participate in the defined contribution retirement plan
17 under (a) of this section must be made within 90 days after the date of hire and be
18 made in writing on a form and in the manner prescribed by the administrator. Before
19 accepting an election to participate in the defined contribution retirement plan, the
20 administrator shall, within 20 days after the administrator receives notification of the
21 teacher's date of hire, provide the teacher eligible to make an election to participate in
22 the defined contribution retirement plan under AS 14.25.310 - 14.25.590 with

23 (1) information, including calculations to illustrate the effect of
24 moving the teacher's retirement plan from the defined benefit retirement plan to the
25 defined contribution retirement plan; and

26 (2) other information clearly to inform the teacher of the potential
27 consequences of the teacher's election.

28 (c) An election made under (a) of this section to participate in the defined
29 contribution retirement plan is irrevocable. Retroactive to the date of hire, the teacher
30 shall be enrolled in the defined contribution retirement plan under AS 14.25.310 -
31 14.25.590, the teacher's participation in the plan shall be governed by the provisions

1 for the defined contribution retirement plan, and the teacher's participation in the
2 defined benefit retirement plan under AS 14.25.009 - 14.25.220 shall terminate.

3 (d) When an eligible teacher makes an election under (a) of this section, the
4 administrator shall cause the total amount of the teacher's employee and employer
5 contributions, with investment earnings and losses through the final day of the
6 teacher's participation in the defined benefit retirement plan, to be actuarially
7 calculated and transferred to the teacher's designated account in the defined
8 contribution retirement plan. The administrator shall establish transfer procedures by
9 regulation, but the actual transfer may not be later than 30 days after the date the
10 administrator receives the teacher's completed election form under (b) of this section,
11 unless the major financial markets for securities available for a transfer are seriously
12 disrupted by an unforeseen event that also causes the suspension of trading on any
13 national securities exchange in the country where the securities were issued. In that
14 event, the 30-day period may be extended by a resolution of the board. Transfers are
15 not commissionable or subject to other fees and may be in the form of securities or
16 cash as determined by the board. Securities shall be valued on the date of receipt in the
17 teacher's account.

18 (e) An election made under (a) of this section by an eligible teacher who is
19 married may not take effect unless the election is signed by the teacher's spouse. An
20 eligible teacher whose accounts are subject to a qualified domestic relations order may
21 not make an election to participate in the defined contribution retirement plan under
22 this section unless the qualified domestic relations order is amended or vacated and
23 court-certified copies of the order are received by the administrator.

24 (f) A teacher who is participating in a university retirement program under
25 AS 14.40.661 - 14.40.799 may not participate as a member of the defined contribution
26 retirement plan.

27 * **Sec. 61.** AS 14.25.350(e) is amended to read:

28 (e) An employer shall make annual contributions to a trust account in the plan,
29 applied as a percentage of each member's compensation from July 1 to the following
30 June 30, in an amount determined by the board to be actuarially required to fully fund
31 the cost of providing [OCCUPATIONAL] disability and [OCCUPATIONAL] death

benefits under AS 14.25.310 - 14.25.590.

* **Sec. 62.** AS 14.25.487(a) is amended to read:

(a) If [(1)] the death of a member occurs before the member's retirement and before the member's normal retirement date [, (2) THE PROXIMATE CAUSE OF DEATH IS A BODILY INJURY SUSTAINED OR A HAZARD UNDERGONE WHILE IN THE PERFORMANCE AND WITHIN THE SCOPE OF THE MEMBER'S DUTIES,] and the death [(3) THE INJURY OR HAZARD] is not the proximate result of wilful negligence of the member, a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the member.

* **Sec. 63.** AS 14.25.490(a) is amended to read:

(a) Subject to art. XII, sec. 7, Constitution of the State of Alaska, the [THE] state may [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 64.** AS 14.25.490(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits accrued by a [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code.

* **Sec. 65.** AS 14.25.490(c) is amended to read:

(c) Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan is terminated, all investments at the time of termination remain in force until all individual accounts have been completely distributed under the plan. After [, AND, AFTER] all plan liabilities are satisfied, excess assets of the plan revert to the employer.

* **Sec. 66.** AS 14.25.490(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an employer was the result of a mistake of fact, the administrator shall return the contribution to the employer.

* **Sec. 67.** AS 14.30 is amended by adding a new section to article 10 to read:

Sec. 14.30.430. Culturally based schools; grants. (a) At the request of a district, the division of cultural education may collaborate with the district to develop a culturally based school. The division shall provide the district with financial and technical support, help the district seek board approval of the culturally based school, and evaluate the culturally based school's success in increasing student literacy in Alaska Native languages and English.

(b) The division of cultural education may award a district a one-time grant of \$150,000 to develop a culturally based school. A district that receives a grant under this subsection must receive board approval of the culturally based school within three years after receiving the grant.

(c) In this section, "district" has the meaning given in AS 14.17.990.

* **Sec. 68.** AS 14.30 is amended by adding new sections to read:

Article 15. Reading Intervention.

Sec. 14.30.760. Screening and support. (a) To implement the district reading intervention services established under AS 14.30.765, the department shall

(1) approve and adopt a screening tool to administer to students in grades kindergarten through three to identify students with reading deficiencies, including students with characteristics of dyslexia; the screening tool must be culturally responsive and must evaluate

(A) phonemic awareness, letter naming fluency, letter sound fluency, and letter word sound fluency of students in kindergarten;

(B) letter word sound fluency and oral reading fluency of students in grade one;

(C) vocabulary and oral reading fluency of students in grades two and three;

(2) establish a process that allows a school district to adopt and the

department to approve an evidence-based and culturally responsive reading screening tool;

(3) develop a screening tool template to assist districts in developing culturally responsive screening tools in Alaska Native languages;

(4) upon the request of a school district, assist, fund, and review development of screening tools for department approval and use by the school district;

(5) support teachers of grades kindergarten through three by

(A) administering an approved screening tool three times each school year, once in the fall, once in the winter, and once in the spring, to all students in grades kindergarten through three, with the exception of students who demonstrate sufficient reading skills on the first screening of the school year;

(B) providing methods to monitor student progress;

(C) providing targeted instruction based on student needs as determined by the results of the screening tool; and

(D) providing additional assistance as determined by the department;

(6) provide professional development to school district staff related to using the results of an approved screening tool and understanding evidence-based reading interventions, including explicit and systematic instruction in phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, cultural responsiveness, and other tools and student supports;

(7) require that districts identify the early education programs attended by students and report to the department the average score on each performance screening tool by students in grades kindergarten through three who

(A) attended a state-approved early education program;

(B) attended a Head Start program;

(C) attended a private early education program;

(D) did not attend an early education program;

(8) establish a process for screening all students in grade six who attend a board-approved culturally based school and for school districts to provide the

department with a comparison of student results between grade three and grade six.

(b) In adopting a screening tool under (a)(1) of this section, the department shall consider the following factors:

(1) the amount of time needed to administer the screening with the intention of minimizing effects on instructional time;

(2) the time frame for reporting screening results to teachers, administrators, and parents or guardians;

(3) the integration of the screening with student instruction and department support;

(4) recommendations from a task force, working group, or committee created by law and charged with studying issues related to reading proficiency and reading deficiencies;

(5) whether the screening tool is culturally responsive; and

(6) whether the screening schedule considers school district calendars.

Sec. 14.30.765. Reading intervention services and strategies. (a) Each school district shall offer intensive reading intervention services to students in grades kindergarten through three who exhibit a reading deficiency to assist students in achieving reading proficiency at or above grade level by the end of grade three. The district shall provide the intensive reading intervention services in addition to the core reading instruction that is provided to all students in the general education classroom. The intensive reading intervention services must, to the extent practicable,

(1) be provided by a district reading teacher, district reading specialist, or paraprofessional under the supervision of a reading teacher, to all students in grades kindergarten through three who are determined to have a reading deficiency based on an approved screening tool adopted under AS 14.30.760(a);

(2) provide culturally responsive explicit and systematic instruction in phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, and reading comprehension, as necessary;

(3) use evidence-based reading intervention methods that have shown proven results in accelerating student reading achievement;

(4) include instruction with detailed explanations, extensive

opportunities for guided practice, and opportunities for error correction and feedback;

(5) incorporate daily targeted small group reading instruction based on student needs, either in person or online;

(6) monitor the reading progress of each student's reading skills throughout the school year and adjust instruction according to student needs;

(7) be implemented during regular school hours through any available method, including in person or through online delivery by teachers or specialty reading coaches;

(8) be implemented outside of regular school hours, as directed in the student's individual reading improvement plan under (b) of this section, for a student who scores at the lowest achievement level on an approved screening tool;

(9) be reviewed based on a department-approved response to intervention or multi-tiered system support models, addressing additional support and services needed to remedy identified needs; and

(10) support reading intervention at home by parents, guardians, or older siblings by offering a list of adult literacy resources and organizations, providing opportunities for parents, guardians, or older siblings to participate in training workshops, and encouraging regular parent or guardian-guided home reading activities.

(b) In addition to the reading intervention services provided under (a) of this section, a school district shall provide an individual reading improvement plan for each student in grades kindergarten through three who is determined to have a reading deficiency based on an approved screening tool. An individual reading improvement plan developed under this section must

(1) be implemented not later than 30 days after identification of the reading deficiency;

(2) be created by the student's reading teacher in consultation with the school principal, the student's parent or guardian, and other pertinent district staff;

(3) describe the evidence-based reading intervention services the student will receive to achieve and demonstrate sufficient reading skills;

(4) require reading intervention services outside of regular school

hours for a student who scores at the lowest achievement level on an approved screening tool consistent with (a)(8) of this section;

(5) include a process for monitoring progress and adjusting the plan based on student needs;

(6) provide to the student's parent or guardian at least 10 reading progress updates each school year;

(7) be culturally responsive; and

(8) support the student reading at home with a parent, guardian, or older sibling by offering a list of adult literacy resources and organizations, providing opportunities for parent or guardian participation in training workshops, and encouraging regular parent or guardian-guided home reading activities.

(c) In this section, "reading teacher" means a teacher who

(1) holds a valid teacher certificate under AS 14.20;

(2) has demonstrated effectiveness in instructing students to read at or above grade level as measured by student reading performance data and in teacher performance evaluations; and

(3) meets the requirements established by the state Board of Education and Early Development in regulation.

Sec. 14.30.770. Department reading program. (a) The department shall establish a reading program to provide direct support for and intervention in intensive reading intervention services annually in the lowest-performing schools serving students in grades kindergarten through three as determined under AS 14.03.123. The department shall determine how many schools may be adequately served by the department's reading specialists and select schools from the lowest-performing schools to participate in the reading program. A school participating in the reading program that remains a lowest-performing school as determined under AS 14.03.123 may apply to participate in the reading program again in the following school year. A school may opt out of the reading program. If a selected school opts out of the program, the department may select the next lowest-performing school to participate. State funding provided to participating schools for implementation of the reading program is in addition to the amount of funding provided under AS 14.17. In conducting the

program, the department shall

(1) use the accountability system established in AS 14.03.123 to identify low performing schools;

(2) provide the program to the lowest-performing schools that have not opted out of the program;

(3) employ and assign reading specialists to direct the implementation of the intensive reading intervention services established under AS 14.30.765 by

(A) modeling effective instructional strategies for teachers by working regularly with students as a class, in small groups, or individually;

(B) coaching and mentoring teachers and staff in reading instruction with an emphasis on prioritizing time in a manner that has the greatest positive effects on student achievement;

(C) training teachers in data analysis and using data to differentiate instruction;

(D) leading and supporting reading leadership teams;

(E) reporting on school and student performance to the department; and

(F) working directly with teachers and students to implement individual reading improvement plans;

(4) establish a reporting process for each reading specialist to submit updates to the department on implementation of the program;

(5) work with reading specialists to create specific improvement goals for each school selected, including measures of interim progress;

(6) select and purchase, or develop, optional reading material for each school selected to supplement the intensive reading intervention services;

(7) pay travel and associated costs for a reading specialist to attend relevant training sessions identified by or hosted by the department;

(8) periodically review staff development programs for their effectiveness in developing reading skills and, after consultation with school districts and experts, recommend to the board for approval staff development programs that

(A) have been proven to assess and accelerate student progress

toward reaching reading competency;

(B) provide explicit and systematic skill development in the areas of phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, and cultural responsiveness;

(C) are evidence-based and reliable;

(D) provide initial and ongoing analysis of student progress toward reaching reading competency; and

(E) include texts on core academic content to assist students in maintaining or meeting grade-appropriate proficiency in academic subjects in addition to reading.

(b) A school selected to participate in the reading program established under this section shall

(1) ensure that a reading specialist assigned to the school is not required to perform functions that divert from the duties the department has assigned to the reading specialist;

(2) coordinate with the reading specialist or specialists to redesign the school's daily schedule to dedicate time to reading program activities, including intensive reading intervention services identified in a written agreement between the school and the department;

(3) present on the reading program established under this section and the intensive reading intervention services established under AS 14.30.765 at a public meeting; the presentation must include

(A) the data the department used to identify the school as eligible for the reading program;

(B) a detailed overview of the reading program and intensive reading intervention services;

(C) a timeline for implementing the intensive reading intervention services and meeting reading improvement goals; and

(D) the implications of the program for students, families, and educators;

(4) provide notice of the public meeting required under (3) of this subsection to the parent or guardian of each student at least seven days before the date of the meeting;

(5) present an annual update on the school's implementation of the reading program and intensive reading intervention services at a public meeting with notice provided to the parent or guardian of each student at least seven days before the date of the meeting;

(6) create partnerships between the school, the families of students, and the community that focus on promoting reading and increasing the amount of time that students spend reading.

(c) The department shall publish on the department's Internet website and make available to the public the reading program and intensive reading intervention services implemented by each school selected to participate.

(d) The department may employ a person as a reading specialist under this section if the person

(1) holds a valid teacher certificate issued under AS 14.20;

(2) has completed a graduate program approved by the department at an institution of higher education and

(A) has completed a supervised practicum or internship as a reading specialist; or

(B) has at least three years of full-time, demonstrated classroom experience where reading instruction was a primary responsibility;

(3) is knowledgeable about and demonstrates competency in reading instruction, including

(A) an understanding of phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, and cultural responsiveness;

(B) knowledge of and experience in implementing effective reading instruction strategies and intervention methods;

(C) experience in designing and implementing a school-wide response to intervention program or multi-tiered system support model;

(D) an understanding of and experience in reading screenings and data analyses that inform instruction;

(E) knowledge of dyslexia and other learning disorders that affect reading achievement;

(F) knowledge of and an ability to effectively articulate the methods, issues, and resources involved in support of student instruction to a wide variety of audiences, including staff, parents, and students whose primary language is other than English; and

(4) meets other reading instruction coursework requirements established by the department in regulation, including coursework in Alaska Native language learning and culturally responsive education established in regulation by the department in collaboration with Alaska Native language stakeholders.

Sec. 14.30.775. Support for reading improvement. The department shall provide a school district \$1,000 to provide reading improvement plan support, intervention, and services, including teacher and paraprofessional development, for each student in grades kindergarten through three who is determined to have a reading deficiency based on an approved screening tool.

Sec. 14.30.780. District reading specialist grants. (a) The department shall provide up to 10 grants each year to support school districts hiring and employing district reading specialists. The department may not provide a district more than \$150,000 each year for a district reading specialist grant.

(b) The department shall prioritize grant awards to districts based on the following criteria:

(1) districts that received a district reading specialist grant in the previous year;

(2) districts that receive a low performance designation under AS 14.03.123 and do not have a reading specialist assigned to a district school;

(3) districts with fewer than 5,000 students.

(c) Grant funds awarded under this section may be used for salary, travel, and other expenses to employ a person as a district reading specialist if the person is eligible for employment as a reading specialist under AS 14.30.770(d).

(d) A district reading coordinator funded by a grant awarded under this section shall provide classroom support for, and professional development of, teachers in the district.

Sec. 14.30.785. Regulation. The department shall, by regulation, define "dyslexia" for the purposes of AS 14.30.760 - 14.30.790. The department shall consider the meaning of "dyslexia" given by the International Dyslexia Association when adopting the definition by regulation.

Sec. 14.30.790. Definitions. In AS 14.30.760 - 14.30.790,

(1) "district" has the meaning given in AS 14.17.990;

(2) "evidence-based reading intervention" means an intervention based on reliable, trustworthy, and valid evidence that has a demonstrated record of success in adequately increasing a student's reading competency in the areas of phonemic awareness, phonics, vocabulary development, reading fluency, oral language skills, reading comprehension, and cultural responsiveness.

* **Sec. 69.** AS 14.30 is amended by adding a new section to read:

Article 16. Virtual Education.

Sec. 14.30.800. Virtual education library. (a) The department shall, in cooperation with school districts, establish a virtual education library for the purpose of making virtual education lessons and professional development resources available to students and teachers in the state. The department shall establish standards for library resources. The department shall create and maintain a database of virtual education courses for students with coursework curricula that meet the state standards established by the department, and lessons and curricula, training in virtual instruction and culturally responsive teaching methods, and professional development courses for teachers of students throughout the state. The database must be accessible to all school districts that offer virtual education for students.

(b) For teachers delivering or facilitating virtual coursework to students, the library shall provide training and professional development on virtual instruction methods and the differences between virtual instruction and instruction offered in a classroom. A teacher may not provide instruction through a course for students that is in the database unless

(1) the teacher has completed the training or professional development provided in the library; or

(2) the district employing the teacher determines that the teacher's previous experience has prepared the teacher to provide virtual instruction.

(c) The department shall employ a reading specialist available to school districts that offer virtual education for students to provide virtual intensive reading intervention services. The duties of the reading specialist include

(1) modeling effective instructional strategies for teachers by working regularly with students as a class, in small groups, or individually;

(2) coaching and mentoring teachers and staff in reading instruction with an emphasis on prioritizing time in a manner that has the greatest positive effects on student achievement;

(3) training teachers in data analysis and using data to differentiate instruction;

(4) leading and supporting reading leadership teams; and

(5) reporting on school and student performance to the department.

(d) The department may require a school district that participates in the library to pay a fee to the library. If the department requires a fee, the department shall establish the fee in regulations and may adjust the fee annually as necessary. The fees must approximately equal the library's prorated administrative costs related to reviewing and approving courses and maintaining the database.

(e) A school district that provides a course included in the database may charge a fee to the school district in which a student who takes the course is enrolled. The department shall establish the fee in regulations.

(f) The department may require, as a condition of participation in the library, that school districts that provide courses or have students participating in courses included in the library under (a) of this section adopt the same school term and class schedule for all or part of a school day. The school term must meet the requirements of AS 14.03.030.

(g) In this section, "virtual education" or "virtual instruction" means instruction delivered through telecommunications or another digital or electronic

method.

* **Sec. 70.** AS 14.60.010 is amended by adding new paragraphs to read:

(9) "cross-cultural" means an environment in which people from two or more cultures with different norms, values, verbal and nonverbal communication styles, and beliefs interact on a regular basis;

(10) "culturally based school" means a charter, correspondence, or other school, or a program within a charter, correspondence, or other school, that adopts and teaches a culturally responsive curriculum or that provides Alaska Native language immersion instruction to students in any combination of grades kindergarten through grade six;

(11) "culturally responsive" means showing respect for and recognition of the traditions, beliefs, languages, values, and practices of the local Alaska Native culture that has historically been present in the geographic area being served;

(12) "parent" or "guardian" includes a natural, adoptive, and foster parent, stepparent, legal guardian, relative, and other adult person with whom a student has resided and who has acted as a parent in providing for the student or has been responsible for the student's welfare for a continuous period.

* **Sec. 71.** AS 37.10.220(a) is amended to read:

(a) The board shall

(1) hold regular and special meetings at the call of the chair or of at least five members; meetings are open to the public, and the board shall keep a full record of all its proceedings;

(2) after reviewing recommendations from the Department of Revenue, adopt investment policies for each of the funds entrusted to the board;

(3) determine the appropriate investment objectives for the defined benefit plans established under the teachers' retirement system under AS 14.25 and the public employees' retirement system under AS 39.35;

(4) assist in prescribing the policies for the proper operation of the systems and take other actions necessary to carry out the intent and purpose of the systems in accordance with AS 37.10.210 - 37.10.390;

(5) provide a range of investment options and establish the rules by

which participants can direct their investments among those options with respect to accounts established under

(A) AS 14.25.340 - 14.25.350 (teachers' retirement system defined contribution individual accounts);

(B) AS 39.30.150 - 39.30.180 (State of Alaska Supplementary Annuity Plan);

(C) AS 39.35.730 - 39.35.750 (public employees' retirement system defined contribution individual accounts); and

(D) AS 39.45.010 - 39.45.060 (public employees' deferred compensation program);

(6) establish the rate of interest that shall be annually credited to each member's individual contribution account in accordance with AS 14.25.145 and AS 39.35.100 and the rate of interest that shall be annually credited to each member's account in the health reimbursement arrangement plan under AS 39.30.300 - 39.30.495; the rate of interest shall be adopted on the basis of the probable effective rate of interest on a long-term basis, and the rate may be changed from time to time;

(7) adopt a contribution surcharge as necessary under AS 39.35.160(c);

(8) coordinate with the retirement system administrator to have an annual actuarial valuation of each retirement system prepared to determine system assets, accrued liabilities, and funding ratios and to certify to the appropriate budgetary authority of each employer in the system

(A) an appropriate contribution rate for normal costs; [AND]

(B) an appropriate contribution rate for liquidating any past service liability; in this subparagraph, the appropriate contribution rate for liquidating the past service liability of the defined benefit retirement plan under AS 14.25.009 - 14.25.220 or the past service liability of the defined benefit retirement plan under AS 39.35.095 - 39.35.680 must be determined by a level percent of pay method based on amortization of the past service liability for a closed term of 25 years; and

(C) appropriate adjustments, if any, under (b)(5) of this section;

(9) review actuarial assumptions prepared and certified by a member of the American Academy of Actuaries and conduct experience analyses of the retirement systems not less than once every four years, except for health cost assumptions, which shall be reviewed annually; the results of all actuarial assumptions prepared under this paragraph shall be reviewed and certified by a second member of the American Academy of Actuaries before presentation to the board;

(10) contract for an independent audit of the state's actuary not less than once every four years;

(11) contract for an independent audit of the state's performance consultant not less than once every four years;

(12) obtain an external performance review to evaluate the investment policies of each fund entrusted to the board and report the results of the review to the appropriate fund fiduciary;

(13) by the first day of each regular legislative session, report to the governor, the legislature, and the individual employers participating in the state's retirement systems on the financial condition of the systems in regard to

(A) the valuation of trust fund assets and liabilities;

(B) current investment policies adopted by the board;

(C) a summary of assets held in trust listed by the categories of investment;

(D) the income and expenditures for the previous fiscal year;

(E) the return projections for the next calendar year;

(F) one-year, three-year, five-year, and 10-year investment performance for each of the funds entrusted to the board; and

(G) other statistical data necessary for a proper understanding of the financial status of the systems;

(14) submit quarterly updates of the investment performance reports to the Legislative Budget and Audit Committee;

(15) develop an annual operating budget; [AND]

(16) administer pension forfeitures required under AS 37.10.310 using the procedures of AS 44.62 (Administrative Procedure Act).

* **Sec. 72.** AS 37.10.220(b) is amended to read:

(b) The board may

(1) employ outside investment advisors to review investment policies;

(2) enter into an agreement with the fiduciary of another state fund in order to assume the management and investment of those assets;

(3) contract for other services necessary to execute the board's powers and duties;

(4) enter into confidentiality agreements that would exempt records from AS 40.25.110 and 40.25.120 if the records contain information that could affect the value of investment by the board or that could impair the ability of the board to acquire, maintain, or dispose of investments;

(5) adjust contribution rates under AS 14.25.050(e) and AS 39.35.160(e) and (f).

* **Sec. 73.** AS 39.30.090(a) is amended to read:

(a) The Department of Administration may obtain a policy or policies of group insurance covering state employees, persons entitled to coverage under AS 14.25.168, **14.25.171**, 14.25.480, AS 22.25.090, AS 39.35.535, **39.35.537**, 39.35.880, or former AS 39.37.145, employees of other participating governmental units, or persons entitled to coverage under AS 23.15.136, subject to the following conditions:

(1) a group insurance policy shall provide one or more of the following benefits: life insurance, accidental death and dismemberment insurance, weekly indemnity insurance, hospital expense insurance, surgical expense insurance, dental expense insurance, audiovisual insurance, or other medical care insurance;

(2) each eligible employee of the state, the spouse and the unmarried children chiefly dependent on the eligible employee for support, and each eligible employee of another participating governmental unit shall be covered by the group policy, unless exempt under regulations adopted by the commissioner of administration;

(3) a governmental unit may participate under a group policy if

(A) its governing body adopts a resolution authorizing participation and payment of required premiums;

1 (B) a certified copy of the resolution is filed with the
2 Department of Administration; and

3 (C) the commissioner of administration approves the
4 participation in writing;

5 (4) in procuring a policy of group health or group life insurance as
6 provided under this section or excess loss insurance as provided in AS 39.30.091, the
7 Department of Administration shall comply with the dual choice requirements of
8 AS 21.86.310, and shall obtain the insurance policy from an insurer authorized to
9 transact business in the state under AS 21.09, a hospital or medical service corporation
10 authorized to transact business in this state under AS 21.87, or a health maintenance
11 organization authorized to operate in this state under AS 21.86; an excess loss
12 insurance policy may be obtained from a life or health insurer authorized to transact
13 business in this state under AS 21.09 or from a hospital or medical service corporation
14 authorized to transact business in this state under AS 21.87;

15 (5) the Department of Administration shall make available bid
16 specifications for desired insurance benefits or for administration of benefit claims and
17 payments to (A) all insurance carriers authorized to transact business in this state
18 under AS 21.09 and all hospital or medical service corporations authorized to transact
19 business under AS 21.87 who are qualified to provide the desired benefits; and (B)
20 insurance carriers authorized to transact business in this state under AS 21.09, hospital
21 or medical service corporations authorized to transact business under AS 21.87, and
22 third-party administrators licensed to transact business in this state and qualified to
23 provide administrative services; the specifications shall be made available at least once
24 every five years; the lowest responsible bid submitted by an insurance carrier, hospital
25 or medical service corporation, or third-party administrator with adequate servicing
26 facilities shall govern selection of a carrier, hospital or medical service corporation, or
27 third-party administrator under this section or the selection of an insurance carrier or a
28 hospital or medical service corporation to provide excess loss insurance as provided in
29 AS 39.30.091;

30 (6) if the aggregate of dividends payable under the group insurance
31 policy exceeds the governmental unit's share of the premium, the excess shall be

1 applied by the governmental unit for the sole benefit of the employees;

2 (7) a person receiving benefits under AS 14.25.110, AS 22.25,
3 AS 39.35, or former AS 39.37 may continue the life insurance coverage that was in
4 effect under this section at the time of termination of employment with the state or
5 participating governmental unit;

6 (8) a person electing to have insurance under (7) of this subsection
7 shall pay the cost of this insurance;

8 (9) for each permanent part-time employee electing coverage under
9 this section, the state shall contribute one-half the state contribution rate for permanent
10 full-time state employees, and the permanent part-time employee shall contribute the
11 other one-half;

12 (10) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
13 or former AS 39.37 may obtain auditory, visual, and dental insurance for that person
14 and eligible dependents under this section; the level of coverage for persons over 65
15 shall be the same as that available before reaching age 65 except that the benefits
16 payable shall be supplemental to any benefits provided under the federal old age,
17 survivors, and disability insurance program; a person electing to have insurance under
18 this paragraph shall pay the cost of the insurance; the commissioner of administration
19 shall adopt regulations implementing this paragraph;

20 (11) a person receiving benefits under AS 14.25, AS 22.25, AS 39.35,
21 or former AS 39.37 may obtain long-term care insurance for that person and eligible
22 dependents under this section; a person who elects insurance under this paragraph
23 shall pay the cost of the insurance premium; the commissioner of administration shall
24 adopt regulations to implement this paragraph;

25 (12) each licensee holding a current operating agreement for a vending
26 facility under AS 23.15.010 - 23.15.210 shall be covered by the group policy that
27 applies to governmental units other than the state.

28 * **Sec. 74.** AS 39.30.097(a) is amended to read:

29 (a) The commissioner of administration is authorized to prefund medical
30 benefits provided by AS 14.25.168, 14.25.171, AS 22.25.090, [AND] AS 39.35.535,
31 and 39.35.537 by establishing an irrevocable trust that is exempt from federal income

tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

* **Sec. 75.** AS 39.30.097(b) is amended to read:

(b) The commissioner of administration is authorized to prefund medical benefits provided by AS 14.25.171, 14.25.480 [AS 14.25.480], AS 39.30.300, AS 39.35.537, and 39.35.880 [AS 39.35.880] by establishing an irrevocable trust that is exempt from federal income tax under 26 U.S.C. 115 and subject to the applicable financial reporting, disclosure, and actuarial requirements of the Governmental Accounting Standards Board.

* **Sec. 76.** AS 39.30.300 is amended to read:

Sec. 39.30.300. State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan established. The State of Alaska Teachers' and Public Employees' Retiree Health Reimbursement Arrangement Plan is established for teachers who first become members of the [DEFINED CONTRIBUTION PLAN OF THE] teachers' retirement system under AS 14.25.009 - 14.25.590 [AS 14.25.310 - 14.25.590] on or after July 1, 2006, and employees of the state, political subdivisions of the state, and public organizations of the state who first become members [OF THE DEFINED CONTRIBUTION PLAN] of the Public Employees' Retirement System of Alaska (AS 39.35) [PUBLIC EMPLOYEES' RETIREMENT SYSTEM UNDER AS 39.35.700 - 39.35.990] on or after July 1, 2006.

* **Sec. 77.** AS 39.30.380 is amended to read:

Sec. 39.30.380. Termination of employment. A person who terminates employment before meeting the eligibility requirements of AS 14.25.171, 14.25.470, AS 39.35.537, or 39.35.870 [AS 14.25.470 OR AS 39.35.870] loses any right to the contributions made on behalf of the person to the teachers' and public employees' retiree health reimbursement arrangement trust fund. If a person returns to employment with a participating employer by December 31 of the year in which the person reaches 65 years of age, the person's account balance shall be restored in the amount recorded on the date of termination from the trust, adjusted for inflation at the rate of the Consumer Price Index for Anchorage, Alaska. The earlier period of

employment with a participating employer shall be credited toward eligibility for medical benefits.

* **Sec. 78.** AS 39.30.390 is amended to read:

Sec. 39.30.390. Eligibility and reimbursement. Persons who meet the eligibility requirements of AS 14.25.171, 14.25.470, AS 39.35.537, or 39.35.870 [AS 14.25.470 AND AS 39.35.870] are eligible for reimbursements from the individual account established for a member under the plan, except members do not have to retire directly from the system. A person who is the dependent child of an eligible member is eligible for reimbursements if the eligible member and surviving spouse have both died so long as the person meets the definition of dependent child.

* **Sec. 79.** AS 39.30.400(a) is amended to read:

(a) The administrator may deduct the cost of monthly premiums from the individual account for retiree major medical insurance on behalf of an eligible person who elected retiree major medical insurance under AS 14.25.171, 14.25.480, AS 39.35.537, or 39.35.880 [AS 14.25.480 OR AS 39.35.880].

* **Sec. 80.** AS 39.30.420(a) is amended to read:

(a) Subject to art. XII, sec. 7, Constitution of the State of Alaska, the [THE] state may [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 81.** AS 39.30.420(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits accrued by a [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code.

* **Sec. 82.** AS 39.30.420(c) is amended to read:

(c) Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan

is terminated, all investments at the time of termination remain in force until all individual accounts have been completely distributed under the plan. After [, AND, AFTER] all plan liabilities are satisfied, excess assets of the plan revert to the employer.

* **Sec. 83.** AS 39.30.420(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an employer was the result of a mistake of fact, the administrator shall return the contribution to the employer.

* **Sec. 84.** AS 39.30.495(5) is amended to read:

(5) "eligible person" means a person who meets the eligibility requirements of AS 14.25.171, 14.25.470, AS 39.35.537, or 39.35.870 [AS 14.25.470 OR AS 39.35.870];

* **Sec. 85.** AS 39.35.095 is amended to read:

Sec. 39.35.095. Applicability of AS 39.35.095 - 39.35.680. The [FOLLOWING] provisions of AS 39.35.095 - 39.35.680 [THIS CHAPTER] apply only to members first hired

(1) before July 1, 2006; or

(2) after June 30, 2006, who

(A) are former members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990; or

(B) have not been members of the defined contribution retirement plan under AS 39.35.700 - 39.35.990 [: AS 39.35.095 - 39.35.680].

* **Sec. 86.** AS 39.35.160(a) is amended to read:

(a) Subject to (e) and (f) of this section, beginning [BEGINNING] January 1, 1987, each peace officer or firefighter shall contribute to the plan an amount equal to seven and one-half percent of the peace officer's or firefighter's compensation, and, except [. EXCEPT] as provided in (d) - (f) [(d)] of this section, beginning January 1, 1987, each other employee shall contribute to the plan an amount equal to six and three-quarters percent of the employee's compensation. [THE CONTRIBUTIONS SHALL BE DEDUCTED BY THE EMPLOYER AT THE END

OF EACH PAYROLL PERIOD. THE CONTRIBUTIONS SHALL BE DEDUCTED FROM EMPLOYEE COMPENSATION BEFORE COMPUTATION OF APPLICABLE FEDERAL TAXES, AND THE CONTRIBUTIONS SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS UNDER 26 U.S.C. 414(h)(2). A MEMBER MAY NOT HAVE THE OPTION OF MAKING THE PAYROLL DEDUCTION DIRECTLY INSTEAD OF HAVING THE CONTRIBUTION PICKED UP BY THE EMPLOYER.]

* **Sec. 87.** AS 39.35.160 is amended by adding new subsections to read:

(e) A peace officer or firefighter who first participates in the plan after June 30, 2006, shall contribute to the plan an amount equal to eight percent of the employee's compensation. The board may, from time to time, adjust the employee contribution under this subsection to an amount that,

(1) if decreased, is not less than eight percent of the employee's compensation; and

(2) if increased, is not more than 12 percent of the employee's compensation.

(f) An employee who first participates in the plan after June 30, 2006, and is not a peace officer or firefighter shall contribute to the plan an amount equal to eight percent of the employee's compensation. The board may, from time to time, adjust the employee contribution under this subsection to an amount that,

(1) if decreased, is not less than eight percent of the employee's compensation; and

(2) if increased, is not more than 12 percent of the employee's compensation.

(g) Contributions under (a), (e), and (f) of this section shall be deducted by the employer at the end of each payroll period. The contributions shall be deducted from employee compensation before computation of applicable federal taxes, and the contributions shall be treated as employer contributions under 26 U.S.C. 414(h)(2). A member may not have the option of making the payroll deduction directly instead of having the contribution picked up by the employer.

* **Sec. 88.** AS 39.35.282 is amended to read:

1 **Sec. 39.35.282. Contributions for medical benefits.** Contributions made by
2 an employer under AS 39.35.255 and 39.35.280 must [SHALL] be separately
3 computed for benefits provided by AS 39.35.535 and 39.35.537. The contributions
4 computed for benefits provided by AS 39.35.535 must [AND SHALL] be deposited
5 in the Alaska retiree health care trust established under AS 39.30.097(a), and the
6 contributions computed for benefits provided by AS 39.35.537 must be deposited
7 in the teachers' and public employees' retiree health reimbursement arrangement
8 plan trust fund established under AS 39.30.340.

9 * **Sec. 89.** AS 39.35.340(g) is amended to read:

10 (g) A surviving spouse receiving or entitled to receive benefits under former
11 AS 39.35.420(b) or under AS 39.35.430 [, 39.35.430,] or 39.35.440 or benefits under
12 a joint and survivor option filed under AS 39.35.450 is eligible to receive increased
13 benefits based on military service as described in (a) of this section. To receive
14 credited service for military service, the surviving spouse shall verify the employee's
15 military service. When verified, the surviving spouse is entitled to receive an increased
16 benefit which shall be actuarially adjusted to reflect the indebtedness for that credit.
17 The indebtedness shall be calculated in the same manner as described in (b) of this
18 section except that it shall be based on the average monthly compensation used in
19 calculating the benefit. Benefits payable under this subsection are effective the first
20 day of the month following that in which eligibility has been established.

21 * **Sec. 90.** AS 39.35.370(a) is amended to read:

22 (a) Subject to AS 39.35.450, a terminated employee who first became a
23 member before July 1, 2006, is eligible for a normal retirement benefit

- 24 (1) at age 60 with at least five years of credited service;
25 (2) with at least 20 years of credited service as a peace officer or
26 firefighter; or
27 (3) with at least 30 years of credited service that is not service as a
28 peace officer or firefighter [FOR ALL OTHER EMPLOYEES].

29 * **Sec. 91.** AS 39.35.370 is amended by adding a new subsection to read:

30 (l) Subject to AS 39.35.450, a terminated employee who first becomes a
31 member after June 30, 2006, is eligible for a normal retirement benefit

(1) at age 60 with at least 30 years of credited service in the system;

(2) at age 55 with at least 20 years of credited service in the system as a peace officer or firefighter; or

(3) at age 65.

* **Sec. 92.** AS 39.35.381(e) is amended to read:

(e) A person who retires under this section is not entitled to disability or death benefits under AS 39.35.400 - 39.35.440, a minimum benefit under AS 39.35.485, or to medical benefits under AS 39.35.535 or 39.35.537. Service earned under this section may not be used for vesting under AS 39.35.095 - 39.35.680.

* **Sec. 93.** AS 39.35.430(b) is amended to read:

(b) If [(1)] the death of an employee occurs before the employee's retirement and before the employee's normal retirement date [, AND (2) THE PROXIMATE CAUSE OF DEATH IS A BODILY INJURY SUSTAINED OR A HAZARD UNDERGONE WHILE IN THE PERFORMANCE AND WITHIN THE SCOPE OF THE EMPLOYEE'S DUTIES,] and the death [(3) THE INJURY OR HAZARD] is not the proximate result of wilful negligence of the employee, a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee. On the date the normal retirement of the employee would have occurred if the employee had lived, monthly payments shall equal the monthly amount of the normal retirement benefit to which the employee, had the employee lived and continued employment until the employee's normal retirement date, would have been entitled with an average monthly compensation as existed at death and the credited service to which the employee would have been entitled.

* **Sec. 94.** AS 39.35.430(f) is amended to read:

(f) If the death of an employee who was hired before July 1, 2006, occurs [FROM OCCUPATIONAL CAUSES] but no surviving spouse or dependent children exist at the time of the death or if the employee designates as beneficiary under AS 39.35.490 someone other than the surviving spouse or dependent children, the employee's designated beneficiary is entitled to receive those benefits available to a beneficiary under former AS 39.35.420(c) and a [AN OCCUPATIONAL] death

benefit may not be paid to the surviving spouse or dependent children.

* **Sec. 95.** AS 39.35.440(b) is amended to read:

(b) Upon the death of a disabled employee who is receiving or is entitled to receive an occupational disability benefit, the administrator shall pay the surviving spouse a surviving spouse's pension, equal to 40 percent of the employee's monthly compensation at the termination of employment because of occupational disability. If there is no surviving spouse, the administrator shall pay the survivor's pension in equal parts to the dependent children of the employee. On the date the normal retirement of the employee would have occurred if the employee had lived, the administrator shall adjust the monthly payments to equal the monthly amount of the normal retirement benefit to which the employee, had the employee lived and continued employment until the employee's normal retirement date, would have been entitled with an average monthly compensation as existed at death and the credited service to which the employee would have been entitled. If the death of an employee who was hired before July 1, 2006, occurs [FROM OCCUPATIONAL CAUSES] but no surviving spouse or dependent children exist at the time of the death, or if the employee designates as beneficiary under AS 39.35.490 someone other than the surviving spouse or dependent children, the administrator shall pay the employee's designated beneficiary those benefits available to a beneficiary under **former** AS 39.35.420(c) and may not pay a [AN OCCUPATIONAL] death benefit to the surviving spouse or dependent children.

* **Sec. 96.** AS 39.35.450(e) is amended to read:

(e) If either the employee or contingent beneficiary dies before the employee is appointed to retirement, the election becomes inoperative. Once the employee is appointed to retirement, the election is irrevocable. If a retired employee is reemployed and is subsequently reappointed to retirement, those benefits earned during the period of reemployment are subject to the initial election made under this section, unless the contingent beneficiary is deceased. If the contingent beneficiary is deceased, the benefits earned during the period of reemployment are subject to AS 39.35.370 or this section if another contingent beneficiary was elected during the period of reemployment. All other benefits earned during prior periods of employment

are subject to the election at the time the employee was appointed to retirement. [IF DEATH OCCURS FROM NONOCCUPATIONAL CAUSES DURING THE PERIOD OF REEMPLOYMENT, THOSE BENEFITS EARNED WHILE REEMPLOYED ARE SUBJECT TO AS 39.35.420(b). ALL OTHER BENEFITS EARNED DURING PRIOR PERIODS OF EMPLOYMENT ARE SUBJECT TO THE ELECTION AT THE TIME THE EMPLOYEE WAS APPOINTED TO RETIREMENT.] If death occurs [FROM OCCUPATIONAL CAUSES] during the period of reemployment, all benefits earned during all periods of employment are subject to AS 39.35.430(b) and (c).

* **Sec. 97.** AS 39.35.475(a) is amended to read:

(a) **Subject to (g) of this section, once** [ONCE] each year the administrator shall increase benefit payments to eligible disabled members, to persons age 60 or older receiving benefits under this plan in the preceding calendar year, and to persons who have received benefits under this plan for at least five years who are not otherwise eligible for an increase under this section.

* **Sec. 98.** AS 39.35.475(e) is amended to read:

(e) When computing **a** [AN OCCUPATIONAL] death benefit under AS 39.35.430 or 39.35.440 or a survivor's benefit under AS 39.35.450, adjustments granted to the deceased member or survivor under this section shall be included.

* **Sec. 99.** AS 39.35.475 is amended by adding a new subsection to read:

(g) A person who receives a benefit under AS 39.35.370(l) is eligible to receive an increase in benefits under this section.

* **Sec. 100.** AS 39.35.485(a) is amended to read:

(a) An employee who is eligible for a benefit calculated in accordance with AS 39.35.370(c) is entitled to a benefit of at least \$25 a month for each year of credited service, not including adjustments made under AS 39.35.340 for military service, AS 39.35.360 for credit for earlier service, AS 39.35.370(c) for early retirement, **former** AS 39.35.420 for nonoccupational death benefits **payable for an employee hired before July 1, 2006**, AS 39.35.450 for the survivor's option, former AS 39.35.460 for the level income option, AS 39.35.475 for the post-retirement pension adjustment, and AS 39.35.480 for the cost of living.

* **Sec. 101.** AS 39.35.530 is amended to read:

Sec. 39.35.530. Limit on pension. An employee may not simultaneously receive a pension under more than one section of AS 39.35.095 - 39.35.680. However, benefits under former AS 39.35.420(b) or under AS 39.35.430 [, 39.35.430], 39.35.440, or 39.35.450 shall be paid in addition to the benefits or service credit a person is entitled to receive because of the person's own membership in the retirement plan. An employee may not (1) receive duplicate credit under this plan for the same period of service, (2) receive more than one year of service credit in the course of any calendar year, or (3) receive a benefit while accruing service credit under this plan, except as provided in this section.

* **Sec. 102.** AS 39.35.535(a) is amended to read:

(a) Except as provided in (d) and (g) of this section, the following persons are entitled to major medical insurance coverage under this section:

(1) for employees first hired before July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage;

(B) the spouse and dependent children of the employee described in (A) of this paragraph;

(C) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(D) the dependent children of a deceased employee who are dependent on the surviving spouse described in (C) of this paragraph;

(2) for members first hired on or after July 1, 1986,

(A) an employee who is receiving a monthly benefit from the plan and who has elected coverage for the employee;

(B) the spouse of the employee described in (A) of this paragraph if the employee elected coverage for the spouse;

(C) the dependent children of the employee described in (A) of this paragraph if the employee elected coverage for the dependent children;

(D) the surviving spouse of a deceased employee who is receiving a monthly benefit from the plan and who has elected coverage;

(E) the dependent children of a deceased employee who are dependent on the surviving spouse described in (D) of this paragraph if the surviving spouse has elected coverage for the dependent children.

* **Sec. 103.** AS 39.35.535(c) is amended to read:

(c) A benefit recipient who became a member before July 1, 2006, or the surviving spouse of the member may elect major medical insurance coverage in accordance with regulations and under the following conditions:

(1) a person, other than a disabled member or a disabled member who is appointed to normal retirement, shall [MUST] pay an amount equal to the full monthly group premium for retiree major medical insurance coverage if the person is

(A) younger than 60 years of age and has less than

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 that is not service as a peace officer; or

(B) of any age and has less than 10 years of credited service;

(2) a person is not required to make premium payments for retiree major medical coverage if the person

(A) is a disabled member;

(B) is a disabled member who is appointed to normal retirement;

(C) is 60 years of age or older and has at least 10 years of credited service; or

(D) has at least

(i) 25 years of credited service as a peace officer under AS 39.35.360 and 39.35.370; or

(ii) 30 years of credited service under AS 39.35.360 and 39.35.370 not as a peace officer.

* **Sec. 104.** AS 39.35.535 is amended by adding a new subsection to read:

(g) A benefit recipient who is a peace officer or firefighter and who first becomes a member after June 30, 2006, or a surviving spouse who is eligible under

AS 39.35.537(b) may elect medical benefits under AS 39.35.537.

* **Sec. 105.** AS 39.35 is amended by adding a new section to read:

Sec. 39.35.537. Medical benefit; eligibility of employees first hired after June 30, 2006; surviving spouses and dependents. (a) An employee who became a member of the plan after June 30, 2006, retired directly from the plan, receives a monthly benefit from the plan, and has elected benefits under this section is entitled to medical benefits under this section. A member who applies for medical benefits under this section shall apply on the forms and in the manner prescribed by the administrator.

(b) The member's surviving spouse is eligible to elect medical benefits if the member had retired or was eligible for retirement and medical benefits at the time of the member's death.

(c) The medical benefits available to eligible persons are access to the retiree major medical insurance plan and access to the health reimbursement arrangement plan under AS 39.30.300. Access to the retiree major medical insurance plan means that an eligible person may not be denied insurance coverage except for failure to pay the required premium.

(d) Retiree major medical insurance plan coverage elected by an eligible member under this section covers the eligible member, the spouse of the eligible member, and the dependent children of the eligible member.

(e) Retiree major medical insurance plan coverage elected by a surviving spouse of an eligible member under this section covers the surviving spouse and the dependent children of the eligible member who are dependent on the surviving spouse.

(f) Participation in the retiree major medical insurance plan is not required in order to participate in the health reimbursement arrangement plan.

(g) A person eligible for medical benefits under this section is not required to participate in the health reimbursement arrangement plan in order to participate in the retiree major medical insurance plan.

(h) A person who is eligible for medical benefits under this section must make the irrevocable election to participate or not participate in the retiree major medical insurance plan on or before the date the person reaches 70 1/2 years of age or when the

person applies for retirement and medical benefits, whichever is later.

(i) Major medical insurance coverage takes effect on the first day of the month following the date of the administrator's approval of the election and stops when the person who elects coverage dies or fails to make a required premium payment.

(j) The coverage for persons 65 years of age or older is the same as that available for persons under 65 years of age. The benefits payable to those persons 65 years of age or older supplement any benefits provided under the federal old age, survivors, and disability insurance program.

(k) The medical and optional insurance premiums owed by the person who elects coverage may be deducted from the health reimbursement arrangement plan. If the amount of the health reimbursement arrangement plan becomes insufficient to pay the premiums, the person who elects coverage under (a) of this section shall pay the premiums directly.

(l) The cost of premiums for retiree major medical insurance coverage under this section for an eligible member or surviving spouse who is

(1) not eligible for Medicare is an amount equal to the full monthly group premiums for retiree major medical insurance coverage;

(2) eligible for Medicare is the following percentage of the premium amounts established for retirees who are eligible for Medicare:

(A) 30 percent if the member had 10 or more, but less than 15, years of service;

(B) 25 percent if the member had 15 or more, but less than 20, years of service;

(C) 20 percent if the member had 20 or more, but less than 25, years of service;

(D) 15 percent if the member had 25 or more, but less than 30, years of service;

(E) 10 percent if the member had 30 or more years of service.

(m) The eligibility for retiree major medical insurance coverage for an alternate payee under a qualified domestic relations order shall be determined based on the eligibility of the member to elect coverage. The alternate payee shall pay the

1 full monthly premium for retiree major medical insurance coverage.

2 (n) The administrator shall

3 (1) inform a person entitled to retiree major medical insurance
4 coverage under this section in writing

5 (A) that the health insurance coverage available to retired
6 members may be different from the health insurance coverage provided to
7 employees;

8 (B) of time limits for selecting optional health insurance
9 coverage; and

10 (C) whether the election is irrevocable; and

11 (2) require that a person entitled to retiree major medical insurance
12 coverage under this section indicate in writing on a form provided by the administrator
13 whether the person has

14 (A) received the information required by this subsection; and

15 (B) chosen to receive optional health insurance coverage.

16 (o) The monthly group premiums for retiree major medical insurance coverage
17 under this section are established by the administrator in accordance with
18 AS 39.30.095. Nothing in this chapter guarantees a person who elects coverage under
19 (a) of this section a monthly group premium rate for retiree major medical insurance
20 coverage other than the premium in effect for the month in which the premium is due
21 for coverage for that month.

22 (p) In this section, "health reimbursement arrangement plan" means the State
23 of Alaska Teachers' and Public Employees' Retiree Health Reimbursement
24 Arrangement Plan established in AS 39.30.300.

25 * **Sec. 106.** AS 39.35.680(4) is amended to read:

26 (4) "average monthly compensation" means the result obtained by
27 dividing the compensation earned by an employee during a considered period by the
28 number of months, including fractional months, for which compensation was earned;
29 an employee must have at least 115 days of credited service in the last payroll year in
30 order for that year to be used as part of the consecutive payroll years; the considered
31 period consists of

(A) for employees first hired before July 1, 1996, the three consecutive payroll years during the period of credited service that yield the highest average;

(B) for employees first hired on or after July 1, 1996, the five consecutive payroll years during the period of credited service that yield the highest average;

(C) if the employee does not have the number of consecutive payroll years required by (A) or (B) of this paragraph, the actual number of months, including fractional months, that the employee worked;

(D) for an employee who has made an election under AS 39.35.300(c) or 39.35.310(c), the actual number of months, including fractional months, that the employee worked;

(E) for a peace officer or firefighter hired **before July 1, 2006** [AT ANY TIME], the three consecutive payroll years during the period of credited service that yield the highest average;

(F) for an employee first hired after June 30, 2006, the five consecutive payroll years during the period of credited service that yield the highest average;

* **Sec. 107.** AS 39.35.680(26) is amended to read:

(26) "normal retirement" means retirement for a member who is eligible to receive benefits under AS 39.35.370(a) **or (I)** or [UNDER] 39.35.385(a) or (f);

* **Sec. 108.** AS 39.35.700 is amended to read:

Sec. 39.35.700. Applicability of AS 39.35.700 - 39.35.990. The provisions of AS 39.35.700 - 39.35.990 apply only to

(1) members first hired on or after July 1, 2006, and before the effective date of this section who do not transfer to a defined benefit retirement plan under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680;

(2) public employees described in AS 39.35.720 who elect under that section to become [TO MEMBERS WHO ARE EMPLOYED BY EMPLOYERS THAT DO NOT PARTICIPATE IN THE DEFINED BENEFIT

1 RETIREMENT PLAN ESTABLISHED UNDER AS 39.35.095 - 39.35.680, TO
2 FORMER MEMBERS AS DEFINED IN AS 39.35.680, OR TO] members; and

3 (3) members who transferred [TRANSFER] into the defined
4 contribution retirement plan under former AS 39.35.940.

5 * **Sec. 109.** AS 39.35.700 is amended by adding a new subsection to read:

6 (b) A public organization as defined in AS 39.35.680 or a municipality or
7 other political subdivision of the state that participates in the plan shall also participate
8 in the defined benefit retirement plan under AS 39.35.095 - 39.35.680.

9 * **Sec. 110.** AS 39.35.720 is repealed and reenacted to read:

10 **Sec. 39.35.720. Retirement plan election option.** (a) A public employee who
11 is first hired on or after the effective date of this section may make a one-time election
12 to participate in the defined contribution retirement plan under AS 39.35.700 -
13 39.35.990 retroactive to the date of hire and may transfer to that plan employee
14 contributions, if any, and employer contributions, if any, that have been made to the
15 defined benefit retirement plan under AS 39.35.095 - 39.35.680. Before employer
16 contributions are transferred under this subsection, the administrator shall recalculate
17 them under AS 39.35.255.

18 (b) The election to participate in the defined contribution retirement plan
19 under (a) of this section must be made within 90 days after the date of hire and be
20 made in writing on a form and in the manner prescribed by the administrator. Before
21 accepting an election to participate in the defined contribution retirement plan under
22 AS 39.35.700 - 39.35.990, the administrator shall, within 20 days after the
23 administrator receives notice of the public employee's date of hire, provide the
24 employee eligible to make an election to participate in the defined contribution
25 retirement plan with

26 (1) information, including calculations to illustrate the effect of
27 moving the employee's retirement plan from the defined benefit retirement plan to the
28 defined contribution retirement plan; and

29 (2) other information clearly to inform the employee of the potential
30 consequences of the employee's election.

31 (c) An election made under (a) of this section to participate in the defined

1 contribution retirement plan is irrevocable. Retroactive to the date of hire, the
2 employee shall be enrolled in the defined contribution retirement plan under
3 AS 39.35.700 - 39.35.990, the employee's participation in the plan shall be governed
4 by the provisions for the defined contribution retirement plan, and the employee's
5 participation in the defined benefit retirement plan under AS 39.35.095 - 39.35.680
6 shall terminate.

7 (d) When an employee makes an election under (a) of this section, the
8 administrator shall cause the total amount of the employee's employee and employer
9 contributions, with investment earnings and losses through the final day of the
10 employee's participation in the defined benefit retirement plan, to be actuarially
11 calculated and transferred to the employee's designated account in the defined
12 contribution retirement plan. The administrator shall establish transfer procedures by
13 regulation, but the actual transfer may not be later than 30 days after the date the
14 administrator receives the employee's completed election form under (b) of this
15 section, unless the major financial markets for securities available for a transfer are
16 seriously disrupted by an unforeseen event that also causes the suspension of trading
17 on any national securities exchange in the country where the securities were issued. In
18 that event, the 30-day period may be extended by a resolution of the board. Transfers
19 are not commissionable or subject to other fees and may be in the form of securities or
20 cash as determined by the board. Securities shall be valued on the date of receipt in the
21 employee's account.

22 (e) An election made under (a) of this section by an eligible employee who is
23 married may not take effect unless the election is signed by the employee's spouse. An
24 eligible employee whose accounts are subject to a qualified domestic relations order
25 may not make an election to participate in the defined contribution retirement plan
26 under this section unless the qualified domestic relations order is amended or vacated
27 and court-certified copies of the order are received by the administrator.

28 * **Sec. 111.** AS 39.35.750(e) is amended to read:

29 (e) An employer shall make annual contributions to a trust account in the plan,
30 applied as a percentage of each member's compensation from July 1 to the following
31 June 30, in an amount determined by the board to be actuarially required to fully fund

the cost of providing [OCCUPATIONAL] disability and [OCCUPATIONAL] death benefits under AS 39.35.700 - 39.35.990 and retirement benefits elected by disabled peace officers and firefighters under AS 39.35.890(h)(2). The contribution required under this subsection for peace officers and firefighters and the contribution required under this subsection for other employees shall be separately calculated based on the actuarially calculated costs for each group of employees.

* **Sec. 112.** AS 39.35.892(a) is amended to read:

(a) If [(1)] the death of an employee occurs before the employee's retirement and before the employee's normal retirement date [, (2) THE PROXIMATE CAUSE OF DEATH IS A BODILY INJURY SUSTAINED OR A HAZARD UNDERGONE WHILE IN THE PERFORMANCE AND WITHIN THE SCOPE OF THE EMPLOYEE'S DUTIES,] and the death [(3) THE INJURY OR HAZARD] is not the proximate result of wilful negligence of the employee, a monthly survivor's pension shall be paid to the surviving spouse. If there is no surviving spouse or if the spouse later dies, the monthly survivor's pension shall be paid in equal parts to the dependent children of the employee.

* **Sec. 113.** AS 39.35.892(e) is amended to read:

(e) On the date the employee would have first qualified for normal retirement if the employee had survived, the retirement benefit shall be determined under the provisions of AS 39.35.820 - 39.35.840, 39.35.870, and 39.35.880. In addition to payment of the member's individual account, the surviving spouse or, if there is no surviving spouse, the surviving dependent children of the member, shall receive an additional benefit in an amount equal to the accumulated contributions that would have been made to the deceased member's individual account under AS 39.35.730(a) and 39.35.750(a), based on the deceased member's gross monthly compensation at the time of [OCCUPATIONAL] death, from the time of the member's death to the date the member would have first qualified for normal retirement if the member had survived. Earnings shall be allocated to the additional benefit calculated under this subsection based on the actual rate of return, net of expenses, of the trust account established under AS 39.35.750(e) over the period that such contributions would have been made. This additional amount and allocated earnings shall be paid in the same

manner as determined for the member's individual account under AS 39.35.820 - 39.35.860 to the extent permitted by the Internal Revenue Service. An employee who died and whose survivors receive [OCCUPATIONAL] death benefits under this section shall be considered to have retired directly from the plan on the date the employee would have first qualified for normal retirement if the employee had survived. The period of time during which a survivor's pension is paid under this section constitutes membership service for the purpose of determining vesting in employer contributions under AS 39.35.790(b) and eligibility for medical benefits under AS 39.30.300 - 39.30.495 and AS 39.35.700 - 39.35.990.

* **Sec. 114.** AS 39.35.895(a) is amended to read:

(a) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, the** [THE] state **may** [HAS THE RIGHT TO] amend the plan at any time and from time to time, in whole or in part, including the right to make retroactive amendments referred to in 26 U.S.C. 401(b).

* **Sec. 115.** AS 39.35.895(b) is amended to read:

(b) The plan administrator may not modify or amend the plan retroactively [IN SUCH A MANNER AS] to reduce [THE] benefits **accrued by a** [OF ANY] member [ACCRUED TO DATE UNDER THE PLAN BY REASON OF CONTRIBUTIONS MADE] before the modification or amendment except to the extent that the reduction is permitted by **art. XII, sec. 7, Constitution of the State of Alaska, and** the Internal Revenue Code.

* **Sec. 116.** AS 39.35.895(c) is amended to read:

(c) **Subject to art. XII, sec. 7, Constitution of the State of Alaska, and the Internal Revenue Code, the** [THE] state may [, IN ITS DISCRETION,] terminate the plan in whole or part [AT ANY TIME] without liability for the termination. If the plan is terminated, all investments **at the time of termination** remain in force until all individual accounts have been completely distributed under the plan. **After** [, AND, AFTER] all plan liabilities are satisfied, excess assets **of the plan** revert to the employer.

* **Sec. 117.** AS 39.35.895(d) is repealed and reenacted to read:

(d) Within one year after determining that a contribution to the plan by an

1 employer was the result of a mistake of fact, the administrator shall return the
2 contribution to the employer.

3 * **Sec. 118.** AS 39.35.958(c) is amended to read:

4 (c) When an employer's participation in the plan is terminated, or when an
5 employer terminates coverage of a department, group, or other classification of
6 employees under AS 39.35.957(c), the administrator shall assess the employer a
7 termination cost that the administrator determines is actuarially required to fully fund
8 the costs to the plan for employees whose coverage is terminated, including the cost of
9 providing the employer's share of retiree health benefits under AS 39.35.880,
10 [OCCUPATIONAL] disability and [OCCUPATIONAL] death benefits under
11 AS 39.35.890 and 39.35.892, and pension benefits elected under AS 39.35.890(h)(2).

12 * **Sec. 119.** AS 47.17.290(12) is amended to read:

13 (12) "organization" means a group or entity that provides care and
14 supervision for compensation to a child not related to the caregiver, and includes a
15 child care facility, pre-elementary school, early education program, head start
16 center, child foster home, residential child care facility, recreation program, children's
17 camp, and children's club;

18 * **Sec. 120.** AS 14.25.012(c), 14.25.155, 14.25.157(d), 14.25.487(d), 14.25.540;
19 AS 39.35.420, 39.35.430(h), 39.35.892(d), and 39.35.940 are repealed.

20 * **Sec. 121.** AS 14.03.080(d) and 14.03.290(4) are repealed.

21 * **Sec. 122.** AS 14.03.120(h), 14.03.410, 14.03.420; AS 14.17.500(e), 14.17.500(f),
22 14.17.500(g); AS 14.20.020(l); AS 14.30.760, 14.30.765, 14.30.770, 14.30.775, 14.30.780,
23 14.30.785, 14.30.790, and 14.30.800 are repealed.

24 * **Sec. 123.** The uncodified law of the State of Alaska is amended by adding a new section
25 to read:

26 RETIREMENT PLAN ELECTION. (a) A teacher who was first hired after June 30,
27 2006, and before the effective date of this section, and who is a member of the defined
28 contribution retirement plan under AS 14.25.310 - 14.25.590 may, within 90 days after the
29 effective date of this section, make a one-time election to participate in the defined benefit
30 retirement plan under AS 14.25.009 - 14.25.220 and to transfer all contributions that have
31 been made or should be made to the defined contribution retirement plan for service the

1 member completes before the effective date of the member's participation in the defined
2 benefit retirement plan. The transferred contributions shall be used to purchase credited
3 service in the defined benefit retirement plan on an actuarial equivalent basis determined by
4 the Alaska Retirement Management Board established under AS 37.10.210.

5 (b) An employee who was first hired after June 30, 2006, and before the effective date
6 of this section, and who is a member of the defined contribution retirement plan under
7 AS 39.35.700 - 39.35.990, may, within 90 days after the effective date of this section, make a
8 one-time election to participate in the defined benefit retirement plan under AS 39.35.095 -
9 39.35.680 and to transfer all contributions that have been made or should be made to the
10 defined contribution retirement plan for service the member completes before the effective
11 date of the member's participation in the defined benefit retirement plan. The transferred
12 contributions shall be used to purchase credited service in the defined benefit retirement plan
13 on an actuarial equivalent basis determined by the Alaska Retirement Management Board
14 established under AS 37.10.210.

15 * **Sec. 124.** The uncodified law of the State of Alaska is amended by adding a new section
16 to read:

17 RETIREMENT PLAN ELECTION PROCEDURE. (a) An election made under sec.
18 123 of this Act to participate in a defined benefit retirement plan must be made in writing on
19 one or more forms and in the manner prescribed by the administrator. Before accepting an
20 election to participate in a defined benefit retirement plan, the administrator shall provide the
21 employee who plans on making an election to participate in a defined benefit retirement plan
22 with information, including calculations to illustrate the effect of moving the employee's
23 retirement plan from a defined contribution retirement plan to a defined benefit retirement
24 plan as well as other information that informs the employee of potential consequences of the
25 employee's election.

26 (b) An election made under sec. 123 of this Act to participate in a defined benefit
27 retirement plan is irrevocable. On the effective date of the election, an eligible employee who
28 makes the election shall be enrolled as a member of a defined benefit retirement plan, and the
29 employee's participation in the plan shall be governed by the applicable provisions of the
30 defined benefit retirement plan. The employee's enrollment in the defined benefit retirement
31 plan is retroactive to the date of hire. An election made by an eligible employee who is

1 married is not effective unless the election is signed by the employee's spouse.

2 (c) When an eligible employee makes a one-time election under sec. 123 of this Act,
3 the administrator shall cause the total amount of the employee's employee and employer
4 contributions, with investment earnings and losses through the day of the employee's election
5 to participate as a member in a defined benefit retirement plan, to be actuarially calculated
6 and, subject to (e) of this section, transferred to the pension fund in the corresponding defined
7 benefit retirement plan. On the effective date of the employee's participation in a defined
8 benefit retirement plan, the employee shall be credited with service in the defined benefit
9 retirement plan that may be purchased under an actuarial equivalent purchase formula as
10 determined by the board. The board shall establish transfer procedures by regulation, but the
11 actual transfer may not occur later than 30 days after the date the administrator receives the
12 employee's completed forms under (a) of this section, unless the major financial markets for
13 securities available for a transfer are seriously disrupted by an unforeseen event that also
14 causes the suspension of trading on any national securities exchange in the country where the
15 securities were issued. In that event, the 30-day period may be extended by a resolution of the
16 board. A transfer is not commissionable or subject to other fees and may be in the form of
17 cash or a security as determined by the board. A security shall be valued on the date of receipt
18 in the employee's account. In this subsection, "board" means the Alaska Retirement
19 Management Board established under AS 37.10.210.

20 (d) When making a transfer for an eligible employee under (c) of this section, the
21 administrator shall cause an amount equal to the

22 (1) decrease in the accrued actuarial liability of the death and disability trust in
23 the defined contribution retirement plan resulting from the transfer as of the date of transfer,
24 based on the most recent actuarial valuation of the death and disability trust, to be transferred
25 from the death and disability trust in the defined contribution retirement plan to the pension
26 fund in the defined benefit retirement plan; and

27 (2) increase in the accrued actuarial liability of the health care trust in the
28 defined benefit retirement plan resulting from the transfer as of the date of transfer, based on
29 the actuarial assumptions set out in (g) of this section, to be transferred from the trust
30 established under AS 39.30.097(b) for the prefunding of medical benefits provided by
31 AS 14.25.480 and AS 39.35.880 to the trust established under AS 39.30.097(a) for the

1 prefunding of medical benefits provided by AS 14.25.171 and AS 39.35.537.

2 (e) If the value actuarially calculated under (c) of this section is insufficient to pay for
3 service credit equal to the employee's actual service, the administrator shall allow the
4 employee the option of purchasing any indebtedness up to the amount needed to eliminate the
5 insufficiency; however, if that value exceeds the amount needed to pay for a service credit
6 equal to the employee's actual service, the administrator shall cause the excess to remain in
7 the employee's retirement plan established under AS 14.25.310 - 14.25.590 or AS 39.35.700 -
8 39.35.990. An excess under this subsection may not be used to purchase service credit in a
9 retirement plan administered under AS 14.25 or AS 39.35.

10 (f) The amount of service that can be purchased under (e) of this section is based on
11 the transferred employee's accrued actuarial liability of pension benefits in the defined benefit
12 retirement plan. The actuarial assumptions under this section are based on the actuarial
13 assumptions set out in (g) of this section.

14 (g) Actuarial assumptions about either the teachers' retirement system or the Public
15 Employees' Retirement System of Alaska must be based on the most recent actuarial
16 valuation of the corresponding defined benefit retirement plan, except that the retirement rates
17 are computed at 25 percent of the retirement rates used in the most recent actuarial valuation
18 of the pension trust for that plan plus 75 percent of the retirement rates used in the most recent
19 actuarial valuation of the corresponding defined contribution retirement plan.

20 (h) The provisions of this section are subject to the requirements of the Internal
21 Revenue Code and the limitations under AS 39.35.115, 39.35.678, 39.35.710(c) and (d), and
22 39.35.895. In this subsection, "Internal Revenue Code" has the meaning given in
23 AS 39.35.990.

24 (i) In this section,

25 (1) "administrator" means the commissioner of administration or the person
26 designated by the commissioner of administration under AS 39.35.003 for a public
27 employees' retirement plan;

28 (2) "defined benefit retirement plan" means a retirement plan established
29 under AS 14.25.009 - 14.25.220 or AS 39.35.095 - 39.35.680;

30 (3) "defined contribution retirement plan" means a retirement plan established
31 under AS 14.25.310 - 14.25.590 or AS 39.35.700 - 39.35.990.

1 * **Sec. 125.** The uncodified law of the State of Alaska is amended by adding a new section
2 to read:

3 VIRTUAL EDUCATION AVAILABILITY DEADLINE. The Department of
4 Education and Early Development shall make available virtual education courses and
5 professional development resources under sec. 69 of this Act on or before July 1, 2024.

6 * **Sec. 126.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 APPLICABILITY: ADDITIONAL TEACHER TRAINING. Section 39 of this Act
9 applies,

10 (1) on the effective date of sec. 39 of this Act, to teachers who begin teaching
11 students in grades kindergarten through three on and after the effective date of sec. 39 of this
12 Act;

13 (2) on July 1, 2024, to teachers who began teaching students in grades
14 kindergarten through three before the effective date of sec. 39 of this Act.

15 * **Sec. 127.** The uncodified law of the State of Alaska is amended by adding a new section
16 to read:

17 REPORT TO THE LEGISLATURE: VIRTUAL EDUCATION LIBRARY. Not later
18 than the thirtieth day of the First Regular Session of the Thirty-Eighth Alaska State
19 Legislature, the Department of Education and Early Development shall prepare and present to
20 the legislative committees having jurisdiction over education a report evaluating the virtual
21 education library established under AS 14.30.800 and the following programs established
22 under this Act: the early education program, the parents as teachers program, the reading
23 intervention program, and the department reading program. The report must include

24 (1) data analysis conducted by an independent contractor evaluating the
25 success of each program, including

26 (A) statistics measuring the effectiveness of each program in
27 accomplishing the program mission;

28 (B) the cost-effectiveness of each program;

29 (C) trends in reading screening scores by each group of students listed
30 in AS 14.30.760(a)(4) as the students progress through grade eight;

31 (2) recommendations from the panels convened under AS 14.07.020(a)(19);

1 and

2 (3) recommendations from the Department of Education and Early
3 Development addressing whether to extend, expand, contract, or repeal each program.

4 * **Sec. 128.** The uncodified law of the State of Alaska is amended by adding a new section
5 to read:

6 ALASKA RETIREMENT MANAGEMENT BOARD REGULATIONS. (a) The
7 Alaska Retirement Management Board may adopt regulations necessary to implement secs.
8 71 and 72 of this Act. Regulations adopted by the Alaska Retirement Management Board
9 under this Act relate to the internal management of a state agency and are not subject to
10 AS 44.62 (Administrative Procedure Act) under AS 37.10.240.

11 (b) The commissioner of administration may adopt regulations necessary to
12 implement secs. 40 - 66 and 73 - 118, 120, 123, and 124 of this Act. Regulations adopted by
13 the commissioner of administration under this Act relate to the internal management of a state
14 agency and are not subject to AS 44.62 (Administrative Procedure Act) under AS 14.25.005,
15 AS 39.30.098, and AS 39.35.005.

16 (c) Regulations adopted under this section may not take effect before the effective
17 date of the law being implemented by the regulation.

18 * **Sec. 129.** The uncodified law of the State of Alaska is amended by adding a new section
19 to read:

20 TRANSITION; EARLY EDUCATION PROGRAMS. The number of district-wide
21 early education programs that the department approves under AS 14.03.410 in the fiscal year
22 beginning July 1, 2022, may not result in more than \$5,000,000 of total state aid attributable
23 to early education programs. In the fiscal year beginning July 1, 2023, the number of district-
24 wide early education programs that the department approves may not result in an increase
25 from the prior fiscal year of more than \$5,000,000 of total state aid attributable to early
26 education programs.

27 * **Sec. 130.** The uncodified law of the State of Alaska is amended by adding a new section
28 to read:

29 EDUCATION REGULATIONS. The Department of Education and Early
30 Development and the state Board of Education and Early Development may adopt regulations
31 necessary to implement the changes made by this Act. The regulations take effect under

1 AS 44.62 (Administrative Procedure Act), but a regulation may not take effect before the
2 effective date of the relevant provision of this Act implemented by the regulation.

3 * **Sec. 131.** Sections 128 and 130 of this Act take effect immediately under
4 AS 01.10.070(c).

5 * **Sec. 132.** Sections 29, 30, 40 - 66, 71 - 118, 120, 123, and 124 of this Act take effect
6 July 1, 2022.

7 * **Sec. 133.** Sections 5, 7, 9, 11, 12, 17, 21, 24, 33, 35, 37, and 122 of this Act take effect
8 June 30, 2034.

9 * **Sec. 134.** Except as provided in secs. 131 - 133 of this Act, this Act takes effect July 1,
10 2023.