

HOUSE CS FOR CS FOR SENATE BILL NO. 36(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/11/98

Referred: Today's Calendar

Sponsor(s): SENATORS PHILLIPS, Taylor, Wilken, Torgerson

REPRESENTATIVE Ryan

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to public schools; relating to the definition of a school district,
2 to the transportation of students, to employment of chief school administrators, to
3 school district layoff plans, to the special education service agency, and to the
4 child care grant program; and providing for an effective date."

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

6 * **Section 1. PURPOSE.** The purposes of sec. 2 of this Act are to

7 (1) provide a level of funding through the public school funding program that
8 allows for an equitable level of educational opportunities for those students attending the
9 public schools of the state; and

10 (2) provide an equitable level of funding to each school within a school
11 district.

12 * **Sec. 2.** AS 14.17 is amended by adding new sections to read:

13 **Article 1. State Aid to Public Schools.**

14 **Sec. 14.17.300. Public school account.** (a) The public school account is

established. The account consists of appropriations for distribution to school districts, the state boarding school, and for centralized correspondence study under this chapter.

(b) The money in the account may be used only in aid of public schools, including community school programs, and for centralized correspondence study programs under this chapter.

Sec. 14.17.400. State aid for districts. (a) The state aid for which a school district is eligible in a fiscal year is equal to the amount for which a district qualifies under AS 14.17.410.

(b) If the amount in the public school account is insufficient to meet the amounts authorized under (a) of this section for a fiscal year, the department shall reduce pro rata each district's basic need by the necessary percentage as determined by the department. If the basic need of each district is reduced under this subsection, the department shall also reduce state funding for centralized correspondence study and the state boarding school by the same percentage.

Sec. 14.17.410. Public school funding. (a) A district is eligible for public school funding in an amount equal to the sum calculated under (b) and (c) of this section.

(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);

(D) the number obtained for intensive services under

1 AS 14.17.420(a)(2) and the number obtained for correspondence study under
 2 AS 14.17.430 are added to the number obtained under (C) of this paragraph;

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

9 (c) In addition to the local contribution required under (b)(2) of this section,
 10 a city or borough school district in a fiscal year may make a local contribution of not
 11 more than the greater of

12 (1) the equivalent of a two mill tax levy on the full and true value of
 13 the taxable real and personal property in the district as of January 1 of the second
 14 preceding fiscal year, as determined by the Department of Community and Regional
 15 Affairs under AS 14.17.510 and AS 29.45.110; or

16 (2) 23 percent of the district's basic need for the fiscal year under
 17 (b)(1) of this section.

18 (d) State aid may not be provided to a city or borough school district if the
 19 local contributions required under (b)(2) of this section have not been made.

20 (e) If a city or borough school district is established after July 1, 1998, for the
 21 first three fiscal years in which the city or borough school district operates schools,
 22 local contributions may be less than the amount that would otherwise be required
 23 under (b)(2) of this section, except that

24 (1) in the second fiscal year of operations, local contributions must be
 25 at least the greater of

26 (A) the local contributions, excluding federal impact aid, for the
 27 previous fiscal year; or

28 (B) the sum of 10 percent of the district's eligible federal
 29 impact aid for that year and the equivalent of a two mill tax levy on the full
 30 and true value of the taxable real and personal property in the city or borough
 31 school district as of January 1 of the second preceding fiscal year, as

determined by the Department of Community and Regional Affairs under AS 14.17.510 and AS 29.45.110; and

(2) in the third year of operation, local contributions must be at least the greater of

(A) the local contributions, excluding federal impact aid, for the previous fiscal year; or

(B) the sum of 10 percent of the district's eligible federal impact aid for that year and the equivalent of a three 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 Community and Regional Affairs under AS 14.17.510 and AS 29.45.110.

(f) A school district is eligible for additional state aid in the amount by which the local contributions that would otherwise have been required under (b)(2) of this section exceed the district's actual local contributions under (e) of this section.

Sec. 14.17.420. Special needs and intensive services funding. (a) As a component of public school funding, a district is eligible for special needs 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 five.

(b) If a district offers 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.

(c) In this section, "intensive services" has the meaning given by the

department by regulation adopted under AS 14.30.180 - 14.30.350.

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 school account in an amount calculated by multiplying the ADM of the correspondence program by 80 percent.

Sec. 14.17.440. State funding for state boarding schools. (a) Except as provided in AS 14.17.400(b), funding for state boarding schools established under AS 14.16.010 includes an allocation from the public school account in an amount calculated by

(1) determining the ADM of state boarding schools by applying the school size factor to the student count as described in AS 14.17.450;

(2) multiplying the number obtained under (1) of this subsection by the special needs factor in AS 14.17.420(a)(1) and multiplying that product by the base student allocation; and

(3) multiplying the product determined under (2) of this subsection by the district cost factor that is applicable to calculation of the state aid for the adjacent school district under AS 14.17.460.

(b) State boarding schools are also eligible for intensive services funding under AS 14.17.420(a)(2).

Sec. 14.17.450. School size factor. (a) For purposes of calculating a school's ADM to determine state aid, the ADM of each school in a district shall be computed by applying the following formula:

If the student count				The adjusted student count is			
in a school is				The number of			
				students in			
At least		But less than		Base	Multiplier		excess of
10	-	20		39.6			
20	-	30		39.6	+	(1.62	x 20)
30	-	75		55.8	+	(1.49	x 30)

1	75	-	150	122.85	+	(1.27	x	75)
2	150	-	250	218.1	+	(1.08	x	150)
3	250	-	400	326.1	+	(0.97	x	250)
4	400	-	750	471.6	+	(0.92	x	400)
5	750 or over			793.6	+	(0.84	x	750).

(b) If the ADM in a school is less than 10, those students shall be included in the ADM of the school in that district with the lowest ADM as determined by the most recent student count data for that district.

Sec. 14.17.460. District cost factors. (a) For purposes of calculating a district's adjusted ADM under AS 14.17.410(b)(1), the district cost factor for a school district is as follows:

DISTRICT	DISTRICT COST FACTOR
Alaska Gateway	1.291
Aleutians East	1.423
Aleutians Region	1.736
Alyeska Central School	1.000
Anchorage	1.000
Annette Island	1.011
Bering Strait	1.525
Bristol Bay	1.262
Chatham	1.120
Chugach	1.294
Copper River	1.176
Cordova	1.096
Craig	1.010
Delta/Greely	1.106
Denali	1.313
Dillingham	1.254
Fairbanks	1.039
Galena	1.348
Haines	1.008

1	Hoonah	1.055
2	Hydaburg	1.085
3	Iditarod	1.470
4	Juneau	1.005
5	Kake	1.025
6	Kashunamiut	1.389
7	Kenai Peninsula	1.004
8	Ketchikan	1.000
9	Klawock	1.017
10	Kodiak Island	1.093
11	Kuspuk	1.434
12	Lake and Peninsula	1.558
13	Lower Kuskokwim	1.491
14	Lower Yukon	1.438
15	Matanuska-Susitna	1.010
16	Mt. Edgecumbe	1.000
17	Nenana	1.270
18	Nome	1.319
19	North Slope	1.504
20	Northwest Arctic	1.549
21	Pelican	1.290
22	Petersburg	1.000
23	Pribilof	1.419
24	Sitka	1.000
25	Skagway	1.143
26	Southeast Island	1.124
27	Southwest Region	1.423
28	St. Mary's	1.351
29	Tanana	1.496
30	Unalaska	1.245
31	Valdez	1.095

1	Wrangell	1.000
2	Yakutat	1.046
3	Yukon Flats	1.668
4	Yukon/Koyukuk	1.502
5	Yupiit	1.469.

(b) The department shall monitor the cost factors established under (a) of this section and shall prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors.

Sec. 14.17.470. Base student allocation. The base student allocation is \$3,940.

Sec. 14.17.480. Quality school funding. (a) As a component of public school funding, a district is eligible to receive a quality school funding grant not to exceed the district's adjusted ADM multiplied by \$16. The department shall by regulation establish a grant process to implement this section.

(b) For purposes of the reduction required under AS 14.17.400(b), funding authorized under (a) of this section is treated the same as the state share of public school funding under AS 14.17.410.

Sec. 14.17.490. Supplementary public school funding floor. (a) Except as provided in (b) - (e) of this section, if, in fiscal year 1999, a city or borough school district or a regional educational attendance area would receive less public school funding under AS 14.17.410 than the district or area would have received as state aid, the district or area is, in each fiscal year, eligible to receive additional public school funding equal to the difference between the public school funding the district or area was eligible to receive under AS 14.17.410 in fiscal year 1999 and the state aid the district or area would have received in fiscal year 1999.

(b) A city or borough school district is not eligible for additional funding authorized under (a) of this section unless, during the fiscal year in which the district receives funding under (a) of this section, the district received a local contribution equal to at least the equivalent of a four 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 Community and Regional

Affairs under AS 14.17.510 and AS 29.45.110.

(c) For the purposes of the reduction required under AS 14.17.400(b), funding authorized under (a) of this section is treated the same as the state share of public school funding under AS 14.17.410.

(d) Beginning in fiscal year 2000, if a district receives more public school funding under AS 14.17.410 than the district received in the preceding fiscal year, any amount received by the district under this section shall be reduced. The amount of the reduction required under this subsection is equal to the amount of increase from the preceding fiscal year in public school funding multiplied by 40 percent. In this subsection, "public school funding" does not include funding under this section.

(e) Beginning in fiscal year 2000, in each fiscal year, the department shall compare each district's ADM with the district's ADM in fiscal year 1999. If the current fiscal year ADM is less than 95 percent of the district's ADM in fiscal year 1999, the department shall reduce the district's public school funding calculated under (a) of this section by a percentage equal to the percentage of decrease in the district's ADM.

(f) For purposes of this section, "state aid" means state aid distributed under the provisions of AS 14.17, as those provisions read on January 1, 1998, and additional district support appropriated by the legislature for fiscal year 1998.

Article 2. Preparation of Public School Funding Budget.

Sec. 14.17.500. Student count estimate. (a) A district shall prepare and submit to the department by November 5 of each fiscal year, in the manner and on forms prescribed by the department, an estimate of its ADM and other student count data, including per school student count data, for the succeeding fiscal year upon which computations can be made to estimate the amount of state aid for which the district may be eligible under AS 14.17.400 in the succeeding fiscal year. In making its report, the district shall consider its ADM, other student count data, the pattern of growth or decline of the student population in preceding years, and other pertinent information available to the district.

(b) Part-time students shall be included in the student count data in accordance with regulations adopted by the department.

Sec. 14.17.505. Fund balance in school operating fund. (a) A district may not accumulate in a fiscal year an unreserved portion of its year-end fund balance in its school operating fund, as defined by department regulations, that is greater than 10 percent of its expenditures for that fiscal year.

(b) The department shall review each district's annual audit under AS 14.14.050 for the preceding fiscal year to ascertain its year-end operating fund balance. The amount by which the unreserved portion of that balance exceeds the amount permitted in (a) of this section shall be deducted from the state aid that would otherwise be paid to the district in the current fiscal year.

Sec. 14.17.510. Determination of full and true value by Department of Community and Regional Affairs. (a) To determine the amount of required local contribution under AS 14.17.410(b)(2) and to aid the department and the legislature in planning, the Department of Community and Regional Affairs, in consultation with the assessor for each district in a city or borough, shall determine the full and true value of the taxable real and personal property in each district in a city or borough. If there is no local assessor or current local assessment for a city or borough school district, then the Department of Community and Regional Affairs shall make the determination of full and true value from information available. In making the determination, the Department of Community and Regional Affairs shall be guided by AS 29.45.110. The determination of full and true value shall be made by October 1 and sent by certified mail, return receipt requested, on or before that date to the president of the school board in each city or borough school district. Duplicate copies shall be sent to the commissioner. The governing body of a city or borough that is a school district may obtain judicial review of the determination. The superior court may modify the determination of the Department of Community and Regional Affairs only upon a finding of abuse of discretion or upon a finding that there is no substantial evidence to support the determination.

(b) Motor vehicles subject to the motor vehicle registration tax under AS 28.10.431 shall be treated as taxable property under this section.

Sec. 14.17.520. Minimum expenditure for instruction. (a) A district shall budget for and spend a minimum of 70 percent of its school operating expenditures in

1 each fiscal year on the instructional component of the district budget.

2 (b) The commissioner shall reject a district budget that does not comply with
3 (a) of this section and, unless a waiver has been granted by the board under (d) of this
4 section, shall withhold payments of state aid from that district, beginning with the
5 payment for the second full month after rejection and continuing until the school board
6 of the district revises the district budget to comply with (a) of this section.

7 (c) The commissioner shall review the annual audit of each district for
8 compliance with the expenditure requirements of (a) of this section. If the
9 commissioner determines that a district does not meet those requirements, the
10 commissioner shall advise the district of the determination, calculate the amount of the
11 deficiency, and deduct that amount from state aid paid to the district for the current
12 fiscal year. A deduction in state aid required under this subsection begins with the
13 payment for the second full month after the determination, unless a waiver has been
14 granted by the board under (d) of this section.

15 (d) A district that has been determined by the commissioner to be out of
16 compliance with the requirements of this section may, within 20 days of the
17 commissioner's determination, request a waiver by the board of the imposition by the
18 commissioner of any reduction in state aid payments under (b) or (c) of this section.
19 The request must be in writing and must include an analysis of the reasons and causes
20 for the district's inability to comply with the requirements of this section. The board
21 may grant the waiver if the board determines that the district's failure to meet the
22 expenditure requirements of this section was due to circumstances beyond the control
23 of the district. The request must also be submitted to the Legislative Budget and Audit
24 Committee, which shall review the district's request and forward the committee's
25 recommendations on it to the board.

26 (e) The commissioner shall submit an annual report on actions taken by the
27 commissioner or the board under this section to the Legislative Budget and Audit
28 Committee by April 15 of each year.

29 (f) In this section, "instructional component" includes expenditures for teachers
30 and for pupil support services.

31 **Article 3. Procedure for Payments of State Aid.**

Sec. 14.17.600. Student counting periods. (a) Within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that, under regulations adopted by the department, reports its ADM for that counting period and other student count information that will aid the department in making a determination of its state aid under the public school funding program. For centralized correspondence study, the October report shall be based on the period from July 1 through the fourth Friday in October, except that summer school students shall be counted as a proportionate fraction as determined by the department. The department may make necessary corrections in the report submitted and shall notify the district of changes made. The commissioner shall notify the governor of additional appropriations the commissioner estimates to be necessary to fully finance the public school funding program for the current fiscal year.

(b) Upon written request and for good cause shown, the commissioner may permit a district to use a 20-school-day counting period other than the period set out in (a) of this section. However, a counting period approved under this subsection must be 20 consecutive school days unless one or more alternate counting periods are necessary to permit a district to implement flexible scheduling that meets the district's needs and goals without jeopardizing the state aid for which the district would be ordinarily be eligible under this chapter.

Sec. 14.17.610. Distribution of state aid. (a) The department shall determine the state aid for each school district in a fiscal year on the basis of the district's student count data reported under AS 14.17.600. On or before the 15th day of each of the first nine months of each fiscal year, one-twelfth of each district's state aid shall be distributed on the basis of the data reported for the preceding fiscal year. On or before the 15th day of each of the last three months of each fiscal year, one-third of the balance of each district's state aid shall be distributed, after the balance has been recomputed on the basis of student count and other data reported for the current fiscal year.

(b) Distribution of state aid under (a) of this section shall be made as required under AS 14.17.410. If a district receives more state aid than it is entitled to receive under this chapter, the district shall immediately remit the amount of overpayment to

the commissioner, to be returned to the public school account. The department may make adjustments to a district's state aid to correct underpayments made in previous fiscal years.

(c) Upon an adequate showing of a cash flow shortfall of a district, and in the discretion of the commissioner, the department may make advance payments to a district. The total of advance payments may not exceed the amount of state aid for which the district is eligible for the fiscal year.

Article 4. General Provisions.

Sec. 14.17.900. Construction and implementation of chapter. (a) This chapter does not create a debt of the state. Each district shall establish, maintain, and operate under a balanced budget. The state is not responsible for the debts of a school district.

(b) Money to carry out the provisions of this chapter may be appropriated annually by the legislature into the public school account. If the amount in the account is insufficient to meet the allocations authorized under AS 14.17.400 - 14.17.470 for a fiscal year, state aid shall be reduced according to AS 14.17.400(b).

Sec. 14.17.905. Facilities constituting a school. (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 750, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through 6; and

(B) one secondary school, which includes students in grades 7 through 12;

(3) in a community with an ADM of greater than 750, 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 200 shall be counted as a part of the school in the district with the highest ADM.

Sec. 14.17.910. Restrictions governing receipt and expenditure of district money. (a) Each district shall maintain complete financial records of the receipt and disbursement of state aid, money acquired from local effort, and other money received or held by the district. The records must be in the form required by the department and are subject to audit by the department at a time and place designated by the department.

(b) State aid provided under this chapter is for general operational purposes of the district. All district money, including state aid, shall be received, held, allocated, and expended by the district under applicable local law and state and federal constitutional provisions, statutes, and regulations, including those related to ethical standards and accounting principles.

Sec. 14.17.920. Regulations. The department shall adopt regulations necessary to implement this chapter.

Sec. 14.17.990. Definitions. In this chapter, unless the context requires otherwise,

(1) "ADM or average daily membership" means the aggregate number of full-time equivalent students enrolled in a school district during the student count period for which a determination is being made, divided by the actual number of days that school is in session for the student count period for which the determination is being made;

(2) "district" means a city or borough school district or a regional educational attendance area;

(3) "district adjusted ADM" means the number resulting from the calculations under AS 14.17.410(b)(1);

(4) "district ADM" means the sum of the ADMs in a district;

(5) "eligible federal impact aid" means the amount of federal impact aid received by a district as of March 1 of the fiscal year as a result of an application submitted in the preceding fiscal year, including advance payments and adjustments received since March 1 of the preceding fiscal year from prior year applications, under 20 U.S.C. 7701 - 7714, except payments received under 20 U.S.C. 7703(f)(2)(B), to the extent the state may consider that aid as local resources under federal law;

(6) "local contribution" means appropriations and the value of in-kind services made by a district;

(7) "taxable real and personal property" means all real and personal property taxable under the laws of the state.

* **Sec. 3.** AS 14.03.120(d) is repealed and reenacted to read:

(d) Annually, before the date set by the district under (e) of this section, each public school shall provide, in a public meeting of parents, students, and community members, a report on the school's performance and the performance of the school's students. The report shall be prepared on a form prescribed by the department and must include

(1) information on accreditation;

(2) results of norm-referenced achievement tests;

(3) results of state standards-based assessments in reading, writing, and mathematics;

(4) a description, including quantitative and qualitative measures, of student, parent, community, and business involvement in student learning;

(5) a description of the school's attendance, retention, dropout, and graduation rates as specified by the state board; and

(6) the annual percent of enrollment change, regardless of reason, and the annual percent of enrollment change due to student transfers into and out of the school district.

* **Sec. 4.** AS 14.03.120(e) is repealed and reenacted to read:

(e) By a date set by the district, each public school in the district shall provide the report described in (d) of this section to the district's governing body. Along with the report, each public school shall submit a summary of comments made on the report by parents, students, and community members. By July 1 of each year, beginning in 2000, each district shall provide to the department a report on the performance of each public school and the public school students in the district. The district's report must

(1) be entitled "School District Report Card to the Public"; and

(2) include

(A) copies of the reports and summaries of comments submitted

1 under this section by each public school in the district; and

2 (B) a compilation of the material described in (A) of this
3 paragraph by each public school in the district.

4 * **Sec. 5.** AS 14.03.120(f) is repealed and reenacted to read:

5 (f) By January 15 of each year, beginning in 2001, the department shall
6 provide to the governor and make available to the public and the legislature a report
7 on the performance of public schools in this state. The report must be entitled
8 "Alaska's Public Schools: A Report Card to the Public." The report must include

9 (1) comprehensive information on each public school compiled,
10 collected, and reported under (d) and (e) of this section for the prior school year;

11 (2) a summary of the information described in (1) of this subsection;
12 the summary must be prepared in a manner that allows school performance to be
13 measured against established state education standards; and

14 (3) for a report due by or after January 15, 2003, the performance
15 designation under AS 14.03.123(b) received by each public school during the prior
16 school year.

17 * **Sec. 6.** AS 14.03.120(g) is amended to read:

18 (g) In this section, "district" has the meaning given in **AS 14.17.990**
19 [AS 14.17.250].

20 * **Sec. 7.** AS 14.03 is amended by adding a new section to read:

21 **Sec. 14.03.123. School accountability.** (a) Beginning in August 2002, and
22 during each of the following 12-month periods, the department shall assign each public
23 school in each district the performance designation of distinguished, successful,
24 deficient, or in crisis based on multiple student measures, including student
25 achievement. The state board of education shall establish this process by regulation.

26 (b) A public school assigned a performance designation of deficient or in crisis
27 shall develop a school improvement plan under (e) of this section. The department
28 shall inform the governing body of each district of the performance designation
29 assigned to each public school in the district.

30 (c) The state board shall adopt regulations to allow a district to appeal the
31 performance designation assigned to a public school in that district.

1 (d) The department may establish a program of special recognition for those
2 public schools that achieve a distinguished performance designation.

3 (e) A public school that receives a designation of deficient or in crisis shall
4 prepare a school improvement plan to improve student performance based on a process
5 established by the state board of education. The public school shall undertake an
6 improvement process under that plan to lead to a designation of successful or
7 distinguished. The school improvement plan must be prepared with the maximum
8 feasible public participation of the community, including, if appropriate, interested
9 individuals, teachers, parents, parent organizations, students, tribal organizations, local
10 government representatives, and other community groups. The district shall consult
11 with and assist the public school in the preparation of the school improvement plan.
12 The school improvement plan must be approved by the local school board. The
13 commissioner may provide technical assistance to a public school or the district at any
14 time during the preparation and implementation of the school improvement plan on the
15 request of an interested person and the approval of the district.

16 (f) Beginning August 1, 2002, and periodically during each of the following
17 12-month periods, the department shall monitor the progress of the implementation of
18 each school improvement plan prepared under (e) of this section.

19 (g) The department may use existing staff or contract with one or more
20 qualified persons to assist a public school that is deficient or in crisis under this
21 section to improve student performance. Qualified persons to provide assistance under
22 this section include educators, business leaders, members of the governing body of that
23 district, and community leaders. The provisions of AS 36.30 do not apply to a
24 contract awarded under this subsection.

25 (h) Notwithstanding any other provisions in this title, if the performance
26 designation of a public school has continued to be deficient or in crisis for two
27 consecutive school years, the chief school administrator, if the district employs a chief
28 school administrator, the president of the governing body, and the principal of the
29 public school shall, at a public meeting of the state board of education, present a
30 written report on the performance of that public school.

31 (i) The state board of education shall develop, by regulation, measures that

may be progressively implemented by the commissioner to assist a public school to improve student performance in accordance with this section.

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

* **Sec. 8.** AS 14.03.125(e) is amended to read:

(e) In this section, "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

* **Sec. 9.** AS 14.03.150(c) is amended to read:

(c) The department may not award a school construction or major maintenance grant under AS 14.11 to a municipality that is a school district or a regional educational attendance area that is not in compliance with (a) of this section. The department shall reduce the amount of state [FOUNDATION] aid under **AS 14.17.400** [AS 14.17.021] for which a school district may qualify [,] by the amount, if any, paid by the department under (b) of this section.

* **Sec. 10.** AS 14.03.160(f)(2) is amended to read:

(2) "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

* **Sec. 11.** AS 14.03.260(c) is amended to read:

(c) The charter school shall provide the financial and accounting information requested by the local school board or the Department of Education [,] and shall cooperate with the local school district or the department in complying with the requirements of **AS 14.17.910** [AS 14.17.190].

* **Sec. 12.** AS 14.07.020 is amended by adding a new subsection to read:

(c) In implementing its duties under (a)(2) of this section, the department shall develop

(1) performance standards in reading, writing, and mathematics to be met at designated age levels by each student in public schools in the state; and

(2) a comprehensive system of student assessments, composed of multiple indicators of proficiency in reading, writing, and mathematics; this comprehensive system must

(A) be made available to all districts and regional educational attendance areas;

(B) include a developmental profile for students entering

kindergarten or first grade; and

(C) include performance standards in reading, writing, and mathematics for students in age groups five through seven, eight through 10, and 11 - 14.

* **Sec. 13.** AS 14.08.101 is amended by adding a new paragraph to read:

(11) employ a chief school administrator.

* **Sec. 14.** AS 14.08.111(3) is amended to read:

(3) [EMPLOY A CHIEF SCHOOL ADMINISTRATOR AND] approve the employment of the professional administrators, teachers, and noncertificated personnel necessary to operate its schools;

* **Sec. 15.** AS 14.09.010(b) is repealed and reenacted to read:

(b) A school district that enters into a contract described under (a)(1) of this section shall be reimbursed for

(1) at least 90 percent of the cost of operating the student transportation system if the transportation is provided by the school district; and

(2) 100 percent of the cost of operating the student transportation system when the transportation is provided under a contract with the school district.

* **Sec. 16.** AS 14.09.010 is amended by adding a new subsection to read:

(d) The department shall apply the same criteria in determining eligibility for reimbursement under (b)(1) or (2) of this section.

* **Sec. 17.** AS 14.11.008(b) is amended to read:

(b) The required participating share for a municipal school district is based on the district's full value per average daily membership (ADM), which is calculated by dividing the full and true value of the taxable real and personal property in the district, calculated as described in AS 14.17.510 [AS 14.17.025(a)(1),] by the district ADM [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in AS 14.17.990 [AS 14.17.250], for the same fiscal year for which the valuation was made. The municipal district's full value per ADM determines the district's required participating share, as follows:

Full Value Per ADM	District Participating Share
\$1 - \$100,000	5 percent

1	100,001	-	200,000	10 percent
2	200,001	-	600,000	30 percent
3	over 600,000			35 percent.

4 * **Sec. 18.** AS 14.14.115(c)(2) is amended to read:

5 (2) "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

6 * **Sec. 19.** AS 14.14.130(a) is amended to read:

7 (a) **A** [EACH] school board **may** [SHALL] select and employ a qualified
8 person as the chief school administrator for the district. In this subsection, "employ"
9 includes employment by contract.

10 * **Sec. 20.** AS 14.14.130(b) is amended to read:

11 (b) **If the district employs a** [THE] chief school administrator, **the**
12 **administrator** [OF THE DISTRICT] shall administer the district in accordance with
13 the policies that the school board prescribes by bylaw.

14 * **Sec. 21.** AS 14.14.130(c) is amended to read:

15 (c) **If the district employs a** [THE] chief school administrator, **the**
16 **administrator** shall select, appoint, and otherwise control all school district employees
17 that serve under the chief school administrator subject to the approval of the school
18 board.

19 * **Sec. 22.** AS 14.16.020(2) is amended to read:

20 (2) [EMPLOY CHIEF SCHOOL ADMINISTRATORS AND] approve
21 the employment of [OTHER] personnel necessary to operate state boarding schools;

22 * **Sec. 23.** AS 14.16.050(a)(2) is amended to read:

23 (2) requirements relating to **the public school funding program**
24 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and
25 expenditure of that **funding** [ASSISTANCE]:

26 (A) **AS 14.17.500** [AS 14.17.080] (relating to student count
27 estimates);

28 (B) **AS 14.17.505** [AS 14.17.082] (relating to school operating
29 fund balances);

30 (C) **AS 14.17.500 - 14.17.910** [AS 14.17.160 - 14.17.220]
31 (setting out the procedure for payment of **public school funding** [FINANCIAL

1 ASSISTANCE,] and imposing general requirements and limits on money paid);

2 * **Sec. 24.** AS 14.16.080(a) is amended to read:

3 (a) **AS 14.17.440** [AS 14.17.024] applies to the calculation of **public school**
4 **funding** [STATE AID] payable for operation of a state boarding school.

5 * **Sec. 25.** AS 14.20.025 is amended to read:

6 **Sec. 14.20.025. Limited teacher certificates.** Notwithstanding
7 AS 14.20.020(b), a person may be issued a limited certificate, valid only in the area
8 of expertise for which it is issued, to teach Alaska Native language or culture, military
9 science, or a vocational or technical course for which the board determines by
10 regulation that baccalaureate degree training is not sufficiently available. A limited
11 certificate may be issued under this section only if the school board of the district or
12 regional educational attendance area in which the person will be teaching
13 [, THROUGH THE CHIEF SCHOOL ADMINISTRATOR,] has requested its issuance.
14 A person who applies for a limited certificate shall demonstrate, as required by
15 regulations adopted by the board, instructional skills and subject matter expertise
16 sufficient to ensure the public that the person is competent as a teacher. The board
17 may require a person issued a limited certificate to undertake academic training as may
18 be required by the board by regulation and make satisfactory progress in the academic
19 training.

20 * **Sec. 26.** AS 14.20.147(a) is amended to read:

21 (a) When an attendance area is transferred from a currently operating district
22 to, or absorbed into, a new or existing school district, the teachers for the attendance
23 area also shall be transferred unless otherwise mutually agreed by the teacher or
24 teachers and the chief school administrator of the new district **if the district employs**
25 **a chief school administrator**. Accumulated or earned benefits, including [BUT NOT
26 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the
27 teacher who is transferred.

28 * **Sec. 27.** AS 14.20.148 is amended to read:

29 **Sec. 14.20.148. Intradistrict teacher reassignments.** When a teacher is
30 involuntarily transferred or reassigned to a position for which the teacher is qualified,
31 within the district, the teacher's moving expenses shall be paid unless the one-way

1 driving distance is 20 miles or less from the teacher's present place of residence, or
 2 unless otherwise mutually agreed by the teacher and chief school administrator of the
 3 district **if the district employs a chief school administrator.**

4 * **Sec. 28.** AS 14.20.177(a) is amended to read:

5 (a) A school district may implement a layoff plan under this section if it is
 6 necessary for the district to reduce the number of tenured teachers because

7 (1) school attendance in the district has decreased; or

8 (2) the basic need of the school district determined under
 9 **AS 14.17.410(b)(1)** [AS 14.17.021(c) AND ADJUSTED UNDER AS 14.17.225(b)]
 10 decreases by three percent or more from the previous year.

11 * **Sec. 29.** AS 14.30.305 is amended to read:

12 **Sec. 14.30.305. State support of programs for children hospitalized or**
 13 **confined to their homes.** A child who is hospitalized or confined to home and who
 14 receives at least 10 hours of special education and related services per week may be
 15 counted as a pupil in average daily membership when computing state support under
 16 the public school **funding** [FOUNDATION] program.

17 * **Sec. 30.** AS 14.30.347 is amended to read:

18 **Sec. 14.30.347. Transportation of exceptional children.** When transportation
 19 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall
 20 be carried with other children **if the district provides transportation to other**
 21 **children in the district** [,] except when the nature of **the** [THEIR] physical or mental
 22 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional
 23 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be
 24 transported separately. State reimbursement for transportation of exceptional children
 25 shall be as provided for transportation of all other pupils except that eligibility for
 26 reimbursement is not subject to restriction based on the minimum distance between the
 27 school and the residence of the exceptional child.

28 * **Sec. 31.** AS 14.30.650 is amended to read:

29 **Sec. 14.30.650. Funding.** Each fiscal year the department shall allocate to the
 30 agency not less than **\$15.75 times the number of students in the state in average**
 31 **daily membership in the preceding fiscal year as determined under AS 14.17.600.**

Money to carry out the provisions of this section may be appropriated annually by the legislature. If amounts are insufficient to meet the allocation authorized under this section for a fiscal year, the allocation shall be reduced pro rata [\$85 FOR EACH SPECIAL EDUCATION STUDENT IN THE STATE IN AVERAGE DAILY MEMBERSHIP OR THE EQUIVALENT OF TWO PERCENT OF THE FUNDS APPROPRIATED FOR SPECIAL EDUCATION FOR THAT FISCAL YEAR, WHICHEVER IS GREATER]. The amount allocated to the agency shall be reduced each fiscal year by the amount contributed by the department to the Teachers' Retirement System (AS 14.25) or the Public Employees' Retirement System (AS 39.35) on behalf of employees of the agency.

* **Sec. 32.** AS 14.36.030(a) is amended to read:

(a) A district operating a community school program under an approved plan of operation may receive an annual grant from the state of one-half of one percent of its public school **funding** [FOUNDATION SUPPORT] or \$10,000, whichever is greater.

* **Sec. 33.** AS 29.45.020(a) is amended to read:

(a) If a municipality levies and collects property taxes, the governing body shall provide the following notice:

"NOTICE TO TAXPAYER

For the current fiscal year the (city)(borough) has been allocated the following amount of state aid for school and municipal purposes under the applicable financial assistance Acts:

PUBLIC SCHOOL **FUNDING** [FOUNDATION]

PROGRAM [ASSISTANCE] (AS 14.17) \$

STATE AID FOR RETIREMENT OF SCHOOL

CONSTRUCTION DEBT (AS 14.11.100) \$

MUNICIPAL TAX RESOURCE EQUALIZATION

(AS 29.60.010 - 29.60.080) \$

PRIORITY REVENUE SHARING FOR

MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180) \$

REVENUE SHARING FOR SAFE COMMUNITIES

1 (AS 29.60.350 - 29.60.375) \$

2 TOTAL AID \$

3 The millage equivalent of this state aid, based on the dollar value of a mill in the
4 municipality during the current assessment year and for the preceding assessment year,
5 is:

6 MILLAGE EQUIVALENT
7 PREVIOUS YEAR THIS YEAR

8 PUBLIC SCHOOL FUNDING

9 [FOUNDATION] PROGRAM

10 ASSISTANCE MILLS MILLS

11 STATE AID FOR RETIREMENT

12 OF SCHOOL CONSTRUCTION

13 DEBTMILLSMILLS

14 MUNICIPAL TAX RESOURCE

15 EQUALIZATIONMILLSMILLS

16 PRIORITY REVENUE FOR SHARING

17 MUNICIPAL SERVICESMILLSMILLS

18 REVENUE SHARING FOR SAFE

19 COMMUNITIESMILLSMILLS

20 TOTAL MILLAGE

21 EQUIVALENTMILLSMILLS"

22 Notice shall be provided by

23 (1) [BY] furnishing a copy of the notice with tax statements mailed for
24 the fiscal year for which aid is received; or

25 (2) [BY] publishing in a newspaper of general circulation in the
26 municipality a copy of the notice once each week for a period of three successive
27 weeks, with publication to occur not later than 45 days after the final adoption of the
28 municipality's budget.

29 * **Sec. 34.** AS 29.60.030(d) is amended to read:

30 (d) The full and true assessed property value shall be determined by the
31 department in the manner provided for the computation of state aid to education under

AS 14.17.510 [AS 14.17.140]. When the determination of locally generated revenue includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true assessed property value must include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate that would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.45.

* **Sec. 35.** AS 36.10.090(b) is amended to read:

(b) A local government or school district covered by the provisions of this chapter that is found to be in violation of these provisions may be required to forfeit all or part of the state aid made available for the project in which the violation occurs and in addition may be denied up to 12 months of state revenue sharing or public school **funding** [FOUNDATION MONEY]. A state department or agency head found to be in violation of this chapter may be required to forfeit the position of department or agency head.

* **Sec. 36.** AS 36.10.125(c) is amended to read:

(c) In an action brought under (b) of this section, the court may, in its discretion, order denial of state revenue sharing or public school **funding** [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other relief. If the court finds for the plaintiff in an action brought under (b) of this section, it may award the plaintiff an amount equal to the actual costs and attorney fees incurred by the plaintiff.

* **Sec. 37.** AS 36.30.850(b) is amended by adding a new paragraph to read:

(38) contracts of the Department of Education under AS 14.03.123(g).

* **Sec. 38.** AS 44.47.305(c) is amended to read:

(c) A grant under (a) of this section may not exceed \$50 per month for each child the child care facility cares for, or for each full-time equivalent, as determined by the department. The grant shall be adjusted on a geographic basis by the same **factor** [PERCENTAGES] as **funding for a school district is** [INSTRUCTIONAL UNIT ALLOTMENTS ARE] adjusted under **AS 14.17.460** [AS 14.17.051].

* **Sec. 39.** AS 14.16.050(a)(1)(G); AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025, 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051,

14.17.056, 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210, 14.17.220, 14.17.225, 14.17.250; and AS 14.30.315(a) are repealed.

*** Sec. 40. TRANSITION: REGULATIONS.** (a) To the extent the regulations are not inconsistent with the language and purposes of this Act, regulations relating to state aid for public schools adopted by the Department of Education before the effective date of this section remain in effect as valid regulations implementing this Act; all other regulations relating to state aid for public schools adopted by the Department of Education before the effective date of this section are annulled. The Department of Education may administer and enforce those previously adopted regulations relating to state foundation aid for public schools.

(b) The Department of Education shall, by regulation, define the term "school" for purposes of AS 14.17.

*** Sec. 41. TRANSITION: PROPOSED DISTRICT COST FACTORS.** The Department of Education shall submit the initial proposed district cost factors, required under AS 14.17.460(b), enacted in sec. 2 of this Act, to the Alaska State Legislature by January 15, 2001.

*** Sec. 42. TRANSITION: CENTRALIZED CORRESPONDENCE FUNDING.** Notwithstanding AS 14.17.430, as enacted by sec. 2 of this Act, funding for a correspondence study program includes an allocation from the public school account in an amount calculated by multiplying the ADM of the correspondence program by a percentage as follows:

For the fiscal year beginning	Percentage
July 1, 1998	70 percent
July 1, 1999	75 percent

*** Sec. 43. TRANSITION: MINIMUM EXPENDITURE FOR INSTRUCTION.** Notwithstanding AS 14.17.520, enacted in sec. 2 of this Act, the minimum expenditure for the instructional component of the school district budget is as follows:

For the fiscal year beginning	Minimum expenditure
July 1, 1998	60 percent
July 1, 1999	65 percent

*** Sec. 44. TRANSITION: SPECIAL EDUCATION FUNDING.** If, for fiscal year 1999, the special education service agency would receive less funding under AS 14.30.650, as amended by sec. 31 of this Act, than the agency would have received for fiscal year 1999

1 under AS 14.30.650 as that provision read before the effective date of this Act, the agency is
2 eligible to receive additional state funding for fiscal year 1999 equal to the difference between
3 the state funding the agency is eligible to receive under AS 14.30.650, as amended by sec. 31
4 of this Act, and the state funding the agency is eligible to receive on the day before the
5 effective date of this Act.

6 * **Sec. 45. TRANSITION: BASIC NEED.** Notwithstanding AS 14.17.410(b)(2), enacted
7 in sec. 2 of this Act, for fiscal year 1999, the Department of Education shall determine basic
8 need for purposes of calculating the required contribution of a city or borough school district
9 under AS 14.17.410(b)(2) by using projected data.

10 * **Sec. 46. TRANSITION: PUBLIC SCHOOL FUNDING.** (a) If, in fiscal year 1999, a
11 city or borough school district or a regional educational attendance area would receive more
12 public school funding under AS 14.17.410, enacted in sec. 2 of this Act, than the district or
13 area would have received as state aid in fiscal year 1999, the district or area may not receive
14 state funding that exceeds the amount the district or area would be eligible to receive in state
15 aid in fiscal year 1999 and 60 percent of the difference between the state aid the district or
16 area would have received in fiscal year 1999 and the state funding the district or area was
17 eligible to receive under AS 14.17.410, enacted in sec. 2 of this Act, in fiscal year 1999.

18 (b) For purposes of this section, "state aid" means state aid distributed under the
19 provisions of AS 14.17, as those provisions read on January 1, 1998, and additional district
20 support appropriated by the legislature.

21 * **Sec. 47. REQUIRED REPORT.** The Department of Education shall compare the use of
22 per school funding required under this Act to the use of funding communities required in
23 AS 14.17 before the effective date of this Act and submit a report to the Alaska State
24 Legislature by January 15, 2001.

25 * **Sec. 48.** This Act takes effect July 1, 1998.