

**CS FOR SENATE BILL NO. 278(EDC)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

**BY THE SENATE EDUCATION COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): SENATE EDUCATION COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to school consolidation; relating to the required local contribution**  
2 **made by a city or borough school district for public school funding; and providing for**  
3 **an effective date."**

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

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

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

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

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

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

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);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (i) four [SEVEN] or more years have passed since the  
21 school closure; and

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

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

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

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

1 the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and  
 2 personal property in the district as of January 1 of the second preceding fiscal year, as  
 3 determined by the Department of Commerce, Community, and Economic  
 4 Development under AS 14.17.510 and AS 29.45.110; the required local  
 5 contribution may [,] not [TO] exceed

6 (A) 45 percent of a district's basic need for the preceding fiscal  
 7 year as determined under (1) of this subsection; or

8 (B) the amount of the district's required local contribution  
 9 for the preceding fiscal year by more than five percent.

10 \* **Sec. 2.** AS 14.17.410(b), as amended by sec. 1 of this Act, is amended to read:

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

13 (1) state aid equals basic need minus a required local contribution and  
 14 90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum  
 15 obtained under (D) of this paragraph, multiplied by the base student allocation set out  
 16 in AS 14.17.470; district adjusted ADM is calculated as follows:

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

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

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

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

30 (E) notwithstanding (A) - (C) of this paragraph, if a school  
 31 district's ADM adjusted for school size under (A) of this paragraph decreases

1 by five percent or more from one fiscal year to the next fiscal year, the school  
2 district may use the last fiscal year before the decrease as a base fiscal year to  
3 offset the decrease, according to the following method:

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

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

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

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

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

31 (H) notwithstanding (A) - (C) of this paragraph, if one or more

1 schools close and consolidate with one or more other schools in the same  
2 community and district and, as a result of the consolidation, basic need  
3 generated by the district's ADM of the consolidated schools as adjusted under  
4 (A) - (C) of this paragraph decreases, the district may use the last fiscal year  
5 before the consolidation as the base fiscal year to offset that decrease for the  
6 first four fiscal years following consolidation according to the following  
7 method:

8 (i) for the first two fiscal years after the base fiscal year,  
9 the district's ADM of the consolidated schools as adjusted under (A) -  
10 (C) of this paragraph is calculated by dividing the sum of the district's  
11 ADM of the consolidated schools as adjusted under (A) - (C) of this  
12 paragraph for the base fiscal year by the sum of the district's ADM of  
13 the consolidated schools for the base fiscal year without adjustment,  
14 and subtracting the quotient obtained by dividing the district's ADM of  
15 the consolidated schools for the current fiscal year as adjusted under  
16 (A) - (C) of this paragraph by the sum of the district's ADM of the  
17 consolidated schools for the current fiscal year without adjustment,  
18 multiplying that number by the sum of the district's ADM of the  
19 consolidated schools for the current fiscal year without adjustment, and  
20 adding that number to the sum of the district's ADM of the consolidated  
21 schools for the current fiscal year as adjusted under (A) - (C) of this  
22 paragraph;

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

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

7 (iii) for the fourth fiscal year after the base fiscal year,  
8 the district's ADM of the consolidated schools as adjusted under (A) -  
9 (C) of this paragraph is calculated by dividing the sum of the district's  
10 ADM of the consolidated schools as adjusted under (A) - (C) of this  
11 paragraph for the base fiscal year by the sum of the district's ADM of  
12 the consolidated schools for the base fiscal year without adjustment,  
13 and subtracting the quotient obtained by dividing the sum of the  
14 district's ADM of the consolidated schools for the current fiscal year as  
15 adjusted under (A) - (C) of this paragraph by the sum of the district's  
16 ADM of the consolidated schools for the current fiscal year,  
17 multiplying that number by the sum of the district's ADM of the  
18 consolidated schools for the current fiscal year without adjustment,  
19 multiplying that number by 33 percent, and adding that number to the  
20 sum of the district's ADM of the consolidated schools for the current  
21 fiscal year as adjusted under (A) - (C) of this paragraph;

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

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

31 (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) four 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 four 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, ]; THE REQUIRED LOCAL CONTRIBUTION MAY] not to exceed [(A)] 45 percent of a district's basic need for the preceding fiscal year as determined under (1) of this subsection [; OR

(B) THE AMOUNT OF THE DISTRICT'S REQUIRED LOCAL CONTRIBUTION FOR THE PRECEDING FISCAL YEAR BY MORE THAN FIVE PERCENT].

\* **Sec. 3.** Section 1 of this Act takes effect July 1, 2026.

\* **Sec. 4.** Section 2 of this Act takes effect July 1, 2029.