

SENATE CS FOR CS FOR HOUSE BILL NO. 261(EDC)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STORY, Josephson, Schrage, Himschoot, Dibert

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to education funding; providing for an effective date by amending the
2 effective date of secs. 10, 11, 13, and 15, ch. 5, SLA 2025; and providing for an effective
3 date."

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

5 * **Section 1.** AS 14.03.410(e) is amended to read:

6 (e) A student in an early education program may not be counted in a district's
7 ADM under AS 14.17.600 [AS 14.17.500] unless the department has approved the
8 program.

9 * **Sec. 2.** AS 14.11.100(o) is amended to read:

10 (o) The total amount of school construction projects approved for
11 reimbursement by the department under (a)(10) of this section

12 (1) may not exceed \$190,644,901; and

13 (2) after June 30, 1998, and until July 1, 2006, shall be allocated as

14 follows:

1 (A) \$77,897,000 to projects in a municipality with a public
2 school enrollment of 25,000 or more students in fiscal year 2000, as
3 determined under **former** AS 14.17.500;

4 (B) \$14,571,000 to projects in a municipality with a public
5 school enrollment of at least 15,000 but less than 25,000 students in fiscal year
6 2000, as determined under **former** AS 14.17.500;

7 (C) \$14,143,000 to projects in a municipality with a public
8 school enrollment of at least 10,000 but less than 15,000 students in fiscal year
9 2000, as determined under **former** AS 14.17.500;

10 (D) \$7,429,000 to projects in a municipality with a public
11 school enrollment of at least 7,500 but less than 10,000 students in fiscal year
12 2000, as determined under **former** AS 14.17.500;

13 (E) \$20,712,912 to projects in a municipality with a public
14 school enrollment of at least 5,000 but less than 7,500 students in fiscal year
15 2000, as determined under **former** AS 14.17.500;

16 (F) \$2,660,000 to projects in a municipality with a public
17 school enrollment of at least 2,750 but less than 3,000 students in fiscal year
18 2000, as determined under **former** AS 14.17.500;

19 (G) \$454,000 to projects in a municipality with a public school
20 enrollment of at least 2,400 but less than 2,750 students in fiscal year 2000, as
21 determined under **former** AS 14.17.500;

22 (H) \$46,869,989 to projects in a municipality with a public
23 school enrollment of at least 2,050 but less than 2,400 students in fiscal year
24 2000, as determined under **former** AS 14.17.500;

25 (I) \$329,000 to projects in a municipality with a public school
26 enrollment of at least 1,700 but less than 1,750 students in fiscal year 2000, as
27 determined under **former** AS 14.17.500;

28 (J) \$286,000 to projects in a municipality with a public school
29 enrollment of at least 650 but less than 725 students in fiscal year 2000, as
30 determined under **former** AS 14.17.500;

31 (K) \$519,000 to projects in a municipality with a public school

enrollment of at least 500 but less than 525 students in fiscal year 2000, as determined under **former** AS 14.17.500;

(L) \$2,224,000 to projects in a municipality with a public school enrollment of at least 425 but less than 482 students in fiscal year 2000, as determined under **former** AS 14.17.500;

(M) \$2,550,000 to projects in a municipality with a public school enrollment of at least 290 but less than 305 students in fiscal year 2000, as determined under **former** AS 14.17.500.

* **Sec. 3.** AS 14.11.100(p) is amended to read:

(p) The total amount of school construction projects approved for reimbursement by the department under (a)(13) and (a)(14) of this section

(1) may not exceed \$177,256,000;

(2) after June 30, 1999, and until October 31, 2006, shall be allocated as follows:

(A) \$61,925,000 to projects in a municipality with a public school enrollment of 45,000 or more students in fiscal year 2005, as determined under **former** AS 14.17.500;

(B) \$40,570,000 to projects in a municipality with a public school enrollment of at least 14,600 but less than 20,000 students in fiscal year 2005, as determined under **former** AS 14.17.500;

(C) \$20,000,000 to projects in a municipality with a public school enrollment of at least 10,000 but less than 14,600 students in fiscal year 2005, as determined under **former** AS 14.17.500;

(D) \$2,588,000 to projects in a municipality with a public school enrollment of at least 7,500 but less than 10,000 students in fiscal year 2005, as determined under **former** AS 14.17.500;

(E) \$5,995,000 to projects in a municipality with a public school enrollment of at least 4,000 but less than 6,000 students in fiscal year 2005, as determined under **former** AS 14.17.500;

(F) \$1,237,000 to projects in a municipality with a public school enrollment of at least 2,400 but less than 2,800 students in fiscal year

2005, as determined under former AS 14.17.500;

(G) \$1,100,000 to projects in a municipality with a public school enrollment of at least 2,200 but less than 2,400 students in fiscal year 2005, as determined under former AS 14.17.500;

(H) \$7,164,000 to projects in a municipality with a public school enrollment of at least 1,300 but less than 1,500 students in fiscal year 2005, as determined under former AS 14.17.500;

(I) \$1,260,000 to projects in a municipality with a public school enrollment of at least 740 but less than 757 students in fiscal year 2005, as determined under former AS 14.17.500;

(J) \$608,000 to projects in a municipality with a public school enrollment of at least 650 but less than 700 students in fiscal year 2005, as determined under former AS 14.17.500;

(K) \$32,000,000 to projects in a municipality with a public school enrollment of at least 500 but less than 600 students in fiscal year 2005, as determined under former AS 14.17.500;

(L) \$2,809,000 to projects in a municipality with a public school enrollment of at least 370 but less than 390 students in fiscal year 2005, as determined under former AS 14.17.500.

* **Sec. 4.** AS 14.11.100(q) is amended to read:

(q) The total amount of school construction projects approved for reimbursement by the department under (a)(15) of this section

(1) may not exceed \$14,644,000;

(2) after June 30, 1999, and until October 31, 2006, shall be allocated as follows:

(A) \$6,522,000 to projects in a municipality with a public school enrollment of at least 1,925 but less than 2,025 students in fiscal year 2005, as determined under former AS 14.17.500;

(B) \$8,122,000 to projects in a municipality with a public school enrollment of at least 398 but less than 400 students in fiscal year 2005, as determined under former AS 14.17.500.

1 * **Sec. 5.** AS 14.16.050(a) is amended to read:

2 (a) The following provisions apply with respect to the operation and
3 management of a state boarding school as if it were a school district:

4 (1) requirements relating to school district operations:

5 (A) AS 14.03.030 - 14.03.050 (defining the school term, day in
6 session, and school holidays);

7 (B) AS 14.03.083 - 14.03.140 (miscellaneous provisions
8 applicable to school district operations);

9 (C) [REPEALED

10 (D)] AS 14.12.150 (authorizing school districts to establish and
11 participate in the services of a regional resource center);

12 **(D)** [(E)] AS 14.14.050 (imposing the requirement of an annual
13 audit);

14 **(E)** [(F)] AS 14.14.110 (authorizing cooperation with other
15 school districts);

16 **(F)** [(G)] AS 14.14.140(b) (establishing a prohibition on
17 employment of a relative of the chief school administrator);

18 **(G)** [(H)] AS 14.18 (prohibiting discrimination based on sex in
19 public education);

20 (2) requirements relating to the public school funding program and the
21 receipt and expenditure of that funding:

22 (A) [AS 14.17.500 (RELATING TO STUDENT COUNT
23 ESTIMATES); (B)] AS 14.17.505 (relating to school operating fund balances);

24 **(B) AS 14.17.505 - 14.17.910** [(C) AS 14.17.500 - 14.17.910]
25 (setting out the procedure for payment of public school funding and imposing
26 general requirements and limits on money paid);

27 (3) requirements relating to teacher employment and retirement:

28 (A) AS 14.14.105 and 14.14.107 (relating to sick leave);

29 (B) AS 14.20.095 - 14.20.215 (relating to the employment and
30 tenure of teachers);

31 (C) AS 14.20.280 - 14.20.350 (relating to sabbatical leave

provisions for teachers);

(D) AS 23.40.070 - 23.40.260 (authorizing collective bargaining by certificated employees), except with regard to teachers who are administrators and except that the board may delegate some or all of its responsibilities under those statutes;

(E) AS 14.25 (provisions regarding the teachers' retirement system);

(4) requirements relating to students and educational programs:

(A) AS 14.30.180 - 14.30.350 (relating to educational services for children with disabilities);

(B) AS 14.30.360 - 14.30.370 (establishing health education program standards);

(C) AS 14.30.400 - 14.30.410 (relating to bilingual and bicultural education).

* **Sec. 6.** 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; **for purposes of this subparagraph and except as provided in AS 14.17.450(b), calculation of a school's student count under AS 14.17.450 for a fiscal year is adjusted to the greater of**

(i) the school's prior three-year average ADM reported in the previous fiscal year under AS 14.17.600;

(ii) the school's ADM reported in the previous fiscal year under AS 14.17.600; or

(iii) the school's ADM reported in the current fiscal

year under AS 14.17.600;

(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 **(E)** [(H)] and **(F)** [(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

1 SUBPARAGRAPH, THE SCHOOL DISTRICT'S ADM ADJUSTED
 2 FOR SCHOOL SIZE DETERMINED UNDER (A) OF THIS
 3 PARAGRAPH IS CALCULATED AS THE DISTRICT'S ADM
 4 ADJUSTED FOR SCHOOL SIZE, PLUS 50 PERCENT OF THE
 5 DIFFERENCE IN THE DISTRICT'S ADM ADJUSTED FOR
 6 SCHOOL SIZE BETWEEN THE BASE FISCAL YEAR AND THE
 7 SECOND FISCAL YEAR AFTER THE BASE FISCAL YEAR;

8 (iii) FOR THE THIRD FISCAL YEAR AFTER THE
 9 BASE FISCAL YEAR DETERMINED UNDER THIS
 10 SUBPARAGRAPH, THE SCHOOL DISTRICT'S ADM ADJUSTED
 11 FOR SCHOOL SIZE DETERMINED UNDER (A) OF THIS
 12 PARAGRAPH IS CALCULATED AS THE DISTRICT'S ADM
 13 ADJUSTED FOR SCHOOL SIZE, PLUS 25 PERCENT OF THE
 14 DIFFERENCE IN THE DISTRICT'S ADM ADJUSTED FOR
 15 SCHOOL SIZE BETWEEN THE BASE FISCAL YEAR AND THE
 16 THIRD FISCAL YEAR AFTER THE BASE FISCAL YEAR;

17 (F) THE METHOD ESTABLISHED IN (E) OF THIS
 18 PARAGRAPH IS AVAILABLE TO A SCHOOL DISTRICT FOR THE
 19 THREE FISCAL YEARS FOLLOWING THE BASE FISCAL YEAR
 20 DETERMINED UNDER (E) OF THIS PARAGRAPH ONLY IF THE
 21 DISTRICT'S ADM ADJUSTED FOR SCHOOL SIZE DETERMINED
 22 UNDER (A) OF THIS PARAGRAPH FOR EACH FISCAL YEAR IS LESS
 23 THAN THE DISTRICT'S ADM ADJUSTED FOR SCHOOL SIZE IN THE
 24 BASE FISCAL YEAR;

25 (G) THE METHOD ESTABLISHED IN (E) OF THIS
 26 PARAGRAPH DOES NOT APPLY TO A DECREASE IN THE DISTRICT'S
 27 ADM ADJUSTED FOR SCHOOL SIZE RESULTING FROM A LOSS OF
 28 ENROLLMENT THAT OCCURS AS A RESULT OF A BOUNDARY
 29 CHANGE UNDER AS 29;

30 (H)] notwithstanding (A) - (C) of this paragraph, if one or more
 31 schools close and consolidate with one or more other schools in the same

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

7 (i) for the first two fiscal years 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 district's ADM of
14 the consolidated schools for the current fiscal year as adjusted under
15 (A) - (C) of this paragraph by the sum of the district's ADM of the
16 consolidated schools for the current fiscal year without adjustment,
17 multiplying that number by the sum of the district's ADM of the
18 consolidated schools for the current fiscal year without adjustment, and
19 adding that number to the sum of the district's ADM of the consolidated
20 schools for the current fiscal year as adjusted under (A) - (C) of this
21 paragraph;

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

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

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

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

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

30 (G) [(J)] a district may not offset a decrease under (E) [(H)] of
 31 this paragraph if

1 [(i)] a new facility is constructed in the district for the
2 consolidation;

3 (H) [OR

4 (ii) THE DISTRICT OFFSET A DECREASE UNDER
5 (E) OF THIS PARAGRAPH IN THE SAME FISCAL YEAR;

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

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

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

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

17 (J) [(M)] a district offsetting a decrease under (E) [(H)] of this
18 paragraph shall provide the department with the list of schools participating in
19 the consolidation and the corresponding ADM;

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

27 * **Sec. 7.** AS 14.17.420(a) is amended to read:

28 (a) As a component of public school funding, a district is eligible for special
29 needs and secondary school vocational and technical instruction funding and may be
30 eligible for intensive services funding as follows:

31 (1) special needs funding is available to a district to assist the district

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

4 (2) in addition to the special needs funding for which a district is
5 eligible under (1) of this subsection, a district is eligible for intensive services funding
6 [FOR EACH SPECIAL EDUCATION STUDENT WHO NEEDS AND RECEIVES
7 INTENSIVE SERVICES AND IS ENROLLED ON THE LAST DAY OF THE
8 COUNT PERIOD; FOR EACH SUCH STUDENT, INTENSIVE SERVICES
9 FUNDING IS] equal to the intensive student count multiplied by 13; **the intensive**
10 **student count equals the greater of the following:**

11 (A) **the number of special education students who needed**
12 **and received intensive services and were enrolled on the last day of the**
13 **count period conducted in the previous fiscal year under AS 14.17.600(a);**

14 (B) **the number of special education students who needed**
15 **and received intensive services and were enrolled on the last day of the**
16 **count period conducted in the current fiscal year under AS 14.17.600(a);**

17 (C) **the number of special education students who needed**
18 **and received intensive services and were enrolled on February 15 of the**
19 **current fiscal year, if a district chooses to conduct a second student count**
20 **for the current fiscal year under this subparagraph;**

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

28 (A) administrative expenses; and

29 (B) instruction in general literacy, mathematics, and job
30 readiness skills.

31 * **Sec. 8.** AS 14.17.600(a) is amended to read:

1 (a) Within two weeks after the end of the 20-school-day period ending the
2 fourth Friday in October, each district shall transmit a report to the department that,
3 under regulations adopted by the department, reports **the district's** [ITS] ADM for
4 that count period, **the prior three-year average ADM for each school in the**
5 **district, student count information the department determines is necessary to**
6 **calculate school ADMs under AS 14.17.450 and community and charter school**
7 **ADMs that relate to the district under AS 14.17.905,** and other student count
8 information that [WILL AID] the department **shall use to determine the amount of**
9 **the district's** [IN MAKING A DETERMINATION OF ITS] state aid under the public
10 school funding program **for the succeeding fiscal year. The district shall also**
11 **include in the district's report the number of special education students who**
12 **needed and received intensive services and are enrolled on the last day of the**
13 **count period, which the department shall use to determine the amount of the**
14 **district's intensive services funding under AS 14.17.420(a)(2)(A) for the**
15 **succeeding fiscal year and, if applicable, additional intensive services funding**
16 **under AS 14.17.420(a)(2)(B) for the current fiscal year.** For centralized
17 correspondence study, the October report shall be based on the period from July 1
18 through the fourth Friday in October. The department may make necessary corrections
19 in the report submitted and shall notify the district of changes made. The
20 commissioner shall notify the governor of additional appropriations the commissioner
21 estimates to be necessary to fully finance the public school funding program for the
22 **succeeding** [CURRENT] fiscal year.

23 * **Sec. 9.** AS 14.17.600 is amended by adding new subsections to read:

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

26 (d) When reporting a district's ADM, a part-time student who is a
27 correspondence student may not be counted as more than one full-time equivalent
28 student.

29 (e) Except as provided in (f) of this section, a student in a district-wide early
30 education program provided by a district and approved by the department under
31 AS 14.07.020(a)(8) is counted as a full-time equivalent student.

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

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

7 * **Sec. 10.** AS 14.17.600(e), enacted by sec. 9 of this Act, is amended to read:

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

13 * **Sec. 11.** AS 14.17.610(a) is amended to read:

14 (a) **Except as provided in (d) of this section, the** [THE] department shall
 15 determine the state aid for each school district **for** [IN] a fiscal year on the basis of the
 16 district's student count data reported **in the previous fiscal year** under AS 14.17.600.
 17 On or before the 15th day of each **month** [OF THE FIRST NINE MONTHS] of each
 18 fiscal year, one-twelfth of each district's state aid shall be distributed on the basis of
 19 the data reported **under AS 14.17.600** [FOR THE PRECEDING FISCAL YEAR. ON
 20 OR BEFORE THE 15TH DAY OF EACH OF THE LAST THREE MONTHS OF
 21 EACH FISCAL YEAR, ONE-THIRD OF THE BALANCE OF EACH DISTRICT'S
 22 STATE AID SHALL BE DISTRIBUTED, AFTER THE BALANCE HAS BEEN
 23 RECOMPUTED ON THE BASIS OF STUDENT COUNT AND OTHER DATA
 24 REPORTED FOR THE CURRENT FISCAL YEAR].

25 * **Sec. 12.** AS 14.17.610 is amended by adding new subsections to read:

26 (d) If a district is entitled to additional funding because of an increase in a
 27 school's student count under AS 14.17.410(b)(1)(A)(iii) or an increase in a district's
 28 intensive student count under AS 14.17.420(a)(2)(B) or (C), the department shall

29 (1) distribute to the district the additional funding necessary to fully
 30 fund the previous months of the fiscal year on the basis of the new student count on or
 31 before the 15th day of the month following the student count;

(2) distribute the district's state aid for the remaining months of the fiscal year on the basis of the new student count.

(e) The department may not reduce the amount of a district's state aid for a fiscal year on the basis that the department distributed additional funding to another district for the fiscal year under (d) of this section.

*** Sec. 13.** 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 14.17.600 [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. 14.** AS 14.17.905 is amended by adding a new subsection to read:

(d) For purposes of determining a community's ADM for a fiscal year under (a) and (c) of this section, or a charter school's ADM for a fiscal year under (b) of this section, the ADM is the greater of

(1) the community's or charter school's prior three-year average ADM reported in the previous fiscal year under AS 14.17.600;

(2) the community's or charter school's ADM reported in the previous fiscal year under AS 14.17.600; or

1 (3) the community's or charter school's ADM reported in the current
2 fiscal year under AS 14.17.600.

3 * **Sec. 15.** AS 14.17.990 is amended by adding a new paragraph to read:

4 (8) "prior three-year average ADM" means the number resulting from
5 combining the ADM counts from the three student count periods immediately
6 preceding a student count period conducted under AS 14.17.600(a) for a fiscal year
7 and dividing that sum by three.

8 * **Sec. 16.** Section 47, ch. 40, SLA 2022, is amended to read:

9 Sec. 47. AS 14.03.120(h), 14.03.410, 14.03.420; [AS 14.17.500(e),
10 14.17.500(f), 14.17.500(g);] AS 14.20.020(l); AS 14.30.760, 14.30.765, 14.30.770,
11 14.30.775, 14.30.780, and 14.30.800 are repealed.

12 * **Sec. 17.** AS 14.17.500 is repealed.

13 * **Sec. 18.** AS 14.17.600(f) and 14.17.600(g) are repealed.

14 * **Sec. 19.** Section 19, ch. 5, SLA 2025, is repealed.

15 * **Sec. 20.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 TRANSITION: HOLD HARMLESS. Notwithstanding the repeal of
18 AS 14.17.410(b)(1)(E) - (G) by sec. 6 of this Act, a school district that meets the requirements
19 on July 1, 2026, to employ the method for calculating the school district's ADM adjusted for
20 school size as provided under AS 14.17.410(b)(1)(E) - (G), as those subparagraphs read on
21 the day before the effective date of sec. 6 of this Act, may continue to calculate the school
22 district's ADM adjusted for school size according to AS 14.17.410(b)(1)(E) - (G), as those
23 subparagraphs read on the day before the effective date of sec. 6 of this Act, until the school
24 district is no longer eligible to calculate the school district's ADM adjusted for school size
25 under AS 14.17.410(b)(1)(E) - (G), as those subparagraphs read on the day before the
26 effective date of sec. 6 of this Act. In this section, "ADM" has the meaning given in
27 AS 14.17.990.

28 * **Sec. 21.** The uncodified law of the State of Alaska is amended by adding a new section to
29 read:

30 TRANSITION: ADM CALCULATION. (a) Notwithstanding AS 14.17.420(a)(2)(A),
31 as amended by sec. 7 of this Act, for the fiscal year ending June 30, 2027, if student count

1 data is unavailable to calculate the number of special education students who needed and
2 received intensive services and were enrolled on the last day of the count period conducted
3 under AS 14.17.600(a), a district shall use student count data that is applicable to the fiscal
4 year ending June 30, 2026, obtained under AS 14.17.420(a), as that section read on the day
5 before the effective date of sec. 7 of this Act.

6 (b) Notwithstanding AS 14.17.600(a), as amended by sec. 8 of this Act,
7 AS 14.17.905(d), added by sec. 14 of this Act, and AS 14.17.990(8), added by sec. 15 of this
8 Act, for the fiscal years ending June 30, 2027, June 30, 2028, and June 30, 2029, if student
9 count data is unavailable to calculate a school's prior three-year average ADM under
10 AS 14.17.600(a), as amended by sec. 8 of this Act, or a community's or charter school's prior
11 three-year average ADM under AS 14.17.905(d), added by sec. 14 of this Act, a school,
12 community, or charter school, as applicable, shall, for each year of the prior three-year
13 average ADM for which data is unavailable, use student count data that is applicable to that
14 year obtained under AS 14.17.600, as that section read on the day before the effective date of
15 sec. 8 of this Act. In this subsection, "ADM" has the meaning given in AS 14.17.990.

16 * **Sec. 22.** Section 20, ch. 5, SLA 2025, is amended to read:

17 Sec. 20. Sections [IF SECS.] 10, 11, 13, and 15, ch. 5, SLA 2025, [OF THIS
18 ACT] take effect July 1, 2026 [, THEY TAKE EFFECT 181 DAYS AFTER THE
19 EFFECTIVE DATE OF THE SECTION OF SB 113 OR A SUBSTANTIALLY
20 SIMILAR BILL THAT EFFECTUATES THE SALES FACTOR, AS
21 DETERMINED UNDER AS 43.19 (MULTISTATE TAX COMPACT), AS THE
22 APPORTIONMENT FACTOR FOR HIGHLY DIGITIZED BUSINESSES].

23 * **Sec. 23.** Sections 10 and 18 of this Act take effect on the effective date of sec. 47, ch. 40,
24 SLA 2022.

25 * **Sec. 24.** Except as provided in sec. 23 of this Act, this Act takes effect July 1, 2026.