

SENATE CS FOR CS FOR HOUSE BILL NO. 28(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES STORY, Fields, Hall, Himschoot, Galvin, Dibert, Josephson

SENATORS Tobin, Yundt

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to education; relating to reimbursement of school district energy costs;**
2 **relating to correspondence study program materials; relating to school consolidation;**
3 **relating to the required local contribution made by a city or borough school district for**
4 **public school funding; relating to reemploying retired members of the teachers'**
5 **retirement system at regional resource centers; establishing a teachers' student loan**
6 **repayment pilot program; and providing for an effective date."**

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

8 *** Section 1.** AS 14.03.078(a) is amended to read:

9 (a) The department shall provide to the legislature and school districts by
10 February 15 of each year by electronic means an annual report regarding the progress
11 of each school and school district toward high academic performance by all students.

12 The report required under this section must include

13 (1) information described under AS 14.03.120;

14 (2) progress of the department

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

3 (B) in assisting high schools to become accredited;

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

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

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

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

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

15 (8) a summary of the categories of certificated administrative
16 employees employed by each school district that includes the ratio of

17 (A) the number of certificated administrative employees in
18 each category employed by each school district compared to the number of
19 students enrolled in the school district on October 1 of the previous year;

20 (B) the total number of certificated administrative employees
21 employed by each school district compared to the total number of teachers
22 employed by the school district on October 1 of the previous year; and

23 (C) the total number of teachers employed by each school
24 district compared to the total number of students enrolled in the school district
25 on October 1 of the previous year;

26 (9) the progress made to implement the reading intervention programs
27 established under AS 14.30.760 - 14.30.780, including data on how school districts are
28 using in-service days for culturally responsive professional development in reading
29 instruction; [AND]

30 (10) the effectiveness and participation rates of the parents as teachers
31 program established under AS 14.03.420, including measures of efficiency and

1 effectiveness that demonstrate the effects of the program on school readiness; **and**

2 **(11) information relating to reimbursement of school district**
3 **energy costs under AS 14.03.128, including**

4 **(A) each school district's actual expenditures for heating**
5 **fuel and electricity for facilities used by the district for each of the**
6 **preceding four fiscal years; and**

7 **(B) the amount the department distributed to each school**
8 **district under AS 14.03.128 for the previous fiscal year.**

9 * **Sec. 2.** AS 14.03 is amended by adding a new section to read:

10 **Sec. 14.03.128. Reimbursement of school district energy costs.** (a) Subject
11 to appropriation, the department shall annually reimburse each district an amount
12 equal to the district's three-year energy cost average. The department shall calculate
13 the amount of a district's three-year energy cost average for a fiscal year by combining
14 the amount of the district's actual expenditures for heating fuel and electricity for
15 facilities used by the district, as reported to the department under AS 14.14.050, for
16 each of the first three of the preceding four fiscal years and dividing that sum by three.

17 (b) If the amount appropriated for a fiscal year is insufficient to meet the
18 amounts authorized in this section, the department shall reduce pro rata the amount
19 reimbursed to districts by the necessary percentage as determined by the department.

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

21 * **Sec. 3.** AS 14.03.300 is amended by adding a new subsection to read:

22 (c) A student who ceases to be enrolled in a correspondence study program
23 operated by a school district may retain textbooks, equipment, and other curriculum
24 materials provided to the student through the program, including materials purchased
25 through an annual student allotment provided to a parent or guardian of the student
26 under AS 14.03.310, if the textbook, equipment, or material is of the type that a
27 student may retain when the student ceases to be enrolled in a physical school in the
28 district.

29 * **Sec. 4.** AS 14.14.050(b) is amended to read:

30 (b) The audit shall conform in form to requirements established by the
31 commissioner **and must include the information the department determines is**

necessary to calculate reimbursement of the school district's energy costs under

AS 14.03.128. The commissioner shall withhold all payments of state funds after November 15 to a school district that fails to file a certified copy of the audit with the department.

* **Sec. 5.** AS 14.17.410(b) is amended to read:

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

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

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

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

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

(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

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

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

11 (iii) for the third fiscal year after the base fiscal year
 12 determined under this subparagraph, the school district's ADM adjusted
 13 for school size determined under (A) of this paragraph is calculated as
 14 the district's ADM adjusted for school size, plus 25 percent of the
 15 difference in the district's ADM adjusted for school size between the
 16 base fiscal year and the third fiscal year after the base fiscal year;

17 (F) the method established in (E) of this paragraph is available
 18 to a school district for the three fiscal years following the base fiscal year
 19 determined under (E) of this paragraph only if the district's ADM adjusted for
 20 school size determined under (A) of this paragraph for each fiscal year is less
 21 than the district's ADM adjusted for school size in the base fiscal year;

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

26 (H) notwithstanding (A) - (C) of this paragraph, if one or more
 27 schools close and consolidate with one or more other schools in the same
 28 community and district and, as a result of the consolidation, basic need
 29 generated by the district's ADM of the consolidated schools as adjusted under
 30 (A) - (C) of this paragraph decreases, the district may use the last fiscal year
 31 before the consolidation as the base fiscal year to offset that decrease for the

1 first four fiscal years following consolidation according to the following
2 method:

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

18 (ii) for the third fiscal year after the base fiscal year, the
19 district's ADM of the consolidated schools as adjusted under (A) - (C)
20 of this paragraph is calculated by dividing the sum of the district's
21 ADM of the consolidated schools as adjusted under (A) - (C) of this
22 paragraph for the base fiscal year by the sum of the district's ADM of
23 the consolidated schools for the base fiscal year without adjustment,
24 and subtracting the quotient obtained by dividing the sum of the
25 district's ADM of the consolidated schools for the current fiscal year as
26 adjusted under (A) - (C) of this paragraph by the sum of the district's
27 ADM of the consolidated schools for the current fiscal year,
28 multiplying that number 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 66 percent, and adding that number to the
31 sum of the district's ADM of the consolidated schools for the current

fiscal year as adjusted under (A) - (C) of this paragraph;

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

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

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

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

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

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

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

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

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

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

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

(2) the required local contribution of a city or borough school district is the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110; **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. 6.** AS 14.20.136(a) is amended to read:

(a) Subject to (b) - (d) of this section, a school district **or regional resource center established under AS 14.12.150** may reemploy a member who is retired under a retirement plan established in AS 14.25.009 - 14.25.220, or a member who is retired under a retirement plan established in AS 14.25.310 - 14.25.590. In this subsection, "school district" has the meaning given in AS 14.30.350.

* **Sec. 7.** AS 14.20.136(b) is amended to read:

(b) A member who is retired under AS 14.25.110(a) may not be reemployed

1 under (a) of this section unless the member

2 (1) certifies that the member and the school district **or regional**
3 **resource center** did not arrange before the member retired from the school district **or**
4 **regional resource center** for the member to be reemployed by the school district **or**
5 **regional resource center** after the member retired; and

6 (2) has been retired for at least

7 (A) 60 days if the member is at least 62 years of age; or

8 (B) six months if the member is less than 62 years of age.

9 * **Sec. 8.** AS 14.20.136(c) is amended to read:

10 (c) Before reemploying a retired member under (a) of this section to fill a
11 position, a school district **or regional resource center** shall

12 (1) by resolution, adopt a policy that describes the circumstances of a
13 shortage or anticipated shortage of applicants, other than retired members, who are
14 qualified for particular positions and permits rehiring that complies with the
15 requirements of this section; and

16 (2) publicly advertise the position for 10 business days and actively
17 recruit to fill the position by hiring a person other than a member who is retired.

18 * **Sec. 9.** AS 14.20.136(e) is amended to read:

19 (e) A school district **or regional resource center** that reemploys a member
20 under this section who is retired under the defined benefit retirement plan established
21 in AS 14.25.009 - 14.25.220 is required to

22 (1) provide the administrator with

23 (A) a copy of the resolution and policy adopted under (c) of
24 this section; and

25 (B) for every retired member who is rehired, a report
26 identifying the member by name and describing the

27 (i) circumstances of the shortage that necessitated the
28 rehire; and

29 (ii) actions taken by the school district **or regional**
30 **resource center** to comply with [SCHOOL DISTRICT] policy adopted
31 under (c) of this section and the requirements of this section; and

1 (2) make contributions under AS 14.25.070.

2 * **Sec. 10.** AS 14.25.043(f) is amended to read:

3 (f) If a member who retired under AS 14.25.110(a) is reemployed by a school
4 district **or regional resource center** under AS 14.20.136,

5 (1) the member does not become an active member;

6 (2) the member shall continue to receive retirement benefits from the
7 plan as though the member were not reemployed by the school district **or regional**
8 **resource center**;

9 (3) deductions from the member's salary may not be made under
10 AS 14.25.050; and

11 (4) the member may not receive credited service in the plan during the
12 period of reemployment.

13 * **Sec. 11.** AS 14.25.043(g) is amended to read:

14 (g) Notwithstanding (f) of this section, a member who is retired under
15 AS 14.25.110(a) and reemployed by a school district **or regional resource center**
16 under AS 14.20.136 is eligible to receive the group health plan coverage provided to
17 active members employed by that school district **or regional resource center**.

18 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
19 read:

20 STUDENT LOAN REPAYMENT PILOT PROGRAM. (a) The Alaska Commission
21 on Postsecondary Education shall develop and administer a teachers' student loan repayment
22 pilot program. A person applying for a grant must submit the application to the commission
23 by a deadline established by the commission, on a form provided by the commission. Subject
24 to appropriation, the commission may award a grant to a person who

25 (1) is employed as a full-time certificated teacher in a public school to teach
26 special education, English as a second language, science, technology, engineering, or
27 mathematics;

28 (2) has completed a postsecondary degree or certificate program;

29 (3) has an outstanding student loan as described in 26 U.S.C. 108(f)(2)
30 incurred by the person for the degree or certificate program; and

31 (4) has otherwise exhausted all other federal and state student loan repayment

1 programs for which the person is eligible.

2 (b) The commission shall

3 (1) establish an application process for participation in the program;

4 (2) implement policies to determine the efficacy of the program toward
5 improving the recruitment and retention rates of teachers who receive a grant under this
6 section; and

7 (3) evaluate the effects of the program on employee recruitment and retention
8 for the purpose of preparing the report required under sec. 13 of this Act.

9 (c) The commission may require a person to refinance the outstanding student loan
10 described in (a) of this section with the commission in order to participate in the program.

11 (d) Grants awarded under this section are payable upon completion of the person's
12 contract term.

13 (e) The commission may award a grant to a person each year in an amount equal to
14 one-third of the balance of the outstanding student loan owed by the person. A grant awarded
15 to a person under this section may not exceed \$5,000 each year and may not be awarded for
16 more than three years.

17 (f) Grants may be awarded under this section each fiscal year. The total dollar amount
18 of grants awarded under this section may not exceed \$1,000,000 in a fiscal year. If the amount
19 appropriated in a fiscal year is insufficient to meet the amounts awarded under (a) of this
20 section, the commission shall reduce pro rata the amounts awarded by the necessary
21 percentage as determined by the commission.

22 (g) The commission may adopt regulations necessary to implement this section.

23 (h) In this section, "commission" means the Alaska Commission on Postsecondary
24 Education.

25 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
26 read:

27 **PILOT PROGRAM: REPORT.** On or before December 31, 2028, the Alaska
28 Commission on Postsecondary Education shall submit a report to the senate secretary and the
29 chief clerk of the house of representatives and notify the legislature that the report is
30 available. The report must include the effects of the student loan repayment pilot program
31 under sec. 12 of this Act on teacher recruitment and retention and an analysis of the overall

1 success rate and effectiveness of the student loan repayment pilot program thus far.

2 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 APPLICABILITY. Sections 6 - 11 of this Act apply to contracts made on or after the
5 effective date of secs. 6 - 11 of this Act.

6 * **Sec. 15.** Section 12 of this Act is repealed June 1, 2030.

7 * **Sec. 16.** Section 13 of this Act is repealed January 1, 2029.

8 * **Sec. 17.** Section 5 of this Act takes effect July 1, 2026.

9 * **Sec. 18.** Sections 1, 2, and 4 of this Act take effect July 1, 2027.

10 * **Sec. 19.** Except as provided in secs. 17 and 18 of this Act, this Act takes effect
11 immediately under AS 01.10.070(c).