

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 3/10/98

Referred: Rules

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

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

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

11 (2) provide an equitable level of funding to each school within a school  
12 district; and

13 (3) give people in the unorganized borough the maximum opportunity to

1 organize as a municipality and to provide as much flexibility as possible in choosing a method  
2 of making a local contribution to schools.

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

4 **Article 1. State Funding to Public Schools.**

5 **Sec. 14.17.300. Public school account.** (a) The public school account is  
6 established. The account consists of appropriations for distribution to school districts,  
7 the state boarding school, and for centralized correspondence study under this chapter.

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

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

14 (b) If the amount in the public school account is insufficient to meet the  
15 amounts authorized under (a) of this section for a fiscal year, the department shall  
16 reduce pro rata the state share of public school funding for which districts are eligible  
17 by the necessary percentage as determined by the department. If the state share of  
18 public school funding is reduced under this subsection, the department shall also  
19 reduce state funding for centralized correspondence study and the state boarding school  
20 by the same percentage.

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

24 (b) Public school funding consists of a state share and a local contribution,  
25 determined as follows:

26 (1) the state share equals state support minus a local contribution and  
27 90 percent of eligible federal impact aid for that fiscal year; state support equals the  
28 sum obtained under (D) of this paragraph, multiplied by the base student allocation set  
29 out in AS 14.17.470; district adjusted ADM is calculated as follows:

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

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

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

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

9 (2) the local contribution of a city or borough school district is the  
10 equivalent of a four mill tax levy on the full and true value of the taxable real and  
11 personal property in the district as of January 1 of the second preceding fiscal year,  
12 as determined by the Department of Community and Regional Affairs under  
13 AS 14.17.510 and AS 29.45.110, not to exceed 100 percent of a district's state support  
14 as determined under (1) of this subsection.

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

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

22 (2) 23 percent of the district's state share of public school funding for  
23 the fiscal year under (b)(1) of this section.

24 (d) Public school funding may not be provided to a city or borough school  
25 district if the local contributions required under (b)(2) of this section have not been  
26 made.

27 **Sec. 14.17.420. Special needs and intensive services funding.** (a) As a  
28 component of public school funding, a district is eligible for special needs funding and  
29 may be eligible for intensive services funding as follows:

30 (1) special needs funding is available to a district to assist the district  
31 in providing special education, gifted and talented education, vocational education, and

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

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

8 (b) A district is not eligible to receive funding under (a) of this section unless  
9 the district has on file with the department a plan that indicates the special education,  
10 gifted and talented education, vocational education, and bilingual education services  
11 that will be provided to students.

12 (c) In this section, "intensive services" has the meaning given by the  
13 department by regulation adopted under AS 14.30.180 - 14.30.350.

14 **Sec. 14.17.430. State funding for correspondence study.** Except as provided  
15 in AS 14.17.400(b), funding for

16 (1) the state centralized correspondence study program or a district that  
17 offers a statewide correspondence study program includes an allocation from the public  
18 school account in an amount calculated by multiplying the ADM of the correspondence  
19 program by the base student allocation and multiplying that product by 65 percent; and

20 (2) a district correspondence program includes an allocation from the  
21 public school account in an amount calculated by multiplying the ADM of the district  
22 correspondence program by the base student allocation.

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

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

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

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

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

6 **Sec. 14.17.450. School size factor.** For purposes of calculating a school’s  
 7 ADM to determine public school funding, the ADM of each school in a district shall  
 8 be computed by applying the following formula:

If the student count		The adjusted student count is			The number of	
in a school is		Base	Multiplier	students in		
At least	But less than			excess of		
1	- 20	39.6				
20	- 30	39.6	+ (1.62	x	20)	
30	- 75	55.8	+ (1.49	x	30)	
75	- 150	122.85	+ (1.27	x	75)	
150	- 250	218.1	+ (1.08	x	150)	
250	- 400	326.1	+ (0.97	x	250)	
400	- 750	471.6	+ (0.92	x	400)	
750 or over		793.6	+ (0.84	x	750)	

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

DISTRICT	DISTRICT COST FACTOR
12 Alaska Gateway	1.291
13 Aleutians East	1.423
14 Aleutians Region	1.736
15 Alyeska Central School	1.000
16 Anchorage	1.000
17 Annette Island	1.011
18 Bering Strait	1.525

1	Bristol Bay	1.262
2	Chatham	1.120
3	Chugach	1.294
4	Copper River	1.176
5	Cordova	1.096
6	Craig	1.010
7	Delta/Greely	1.106
8	Denali	1.313
9	Dillingham	1.254
10	Fairbanks	1.039
11	Galena	1.348
12	Haines	1.008
13	Hoonah	1.055
14	Hydaburg	1.085
15	Iditarod	1.470
16	Juneau	1.005
17	Kake	1.025
18	Kashunamiut	1.389
19	Kenai Peninsula	1.004
20	Ketchikan	1.000
21	Klawock	1.017
22	Kodiak Island	1.093
23	Kuspuk	1.434
24	Lake and Peninsula	1.558
25	Lower Kuskokwim	1.491
26	Lower Yukon	1.438
27	Matanuska-Susitna	1.010
28	Mt. Edgecumbe	1.000
29	Nenana	1.270
30	Nome	1.319
31	North Slope	1.504

1	Northwest Arctic	1.549
2	Pelican	1.290
3	Petersburg	1.000
4	Pribilof	1.419
5	Sitka	1.000
6	Skagway	1.143
7	Southeast Island	1.124
8	Southwest Region	1.423
9	St. Mary's	1.351
10	Tanana	1.496
11	Unalaska	1.245
12	Valdez	1.095
13	Wrangell	1.000
14	Yakutat	1.046
15	Yukon Flats	1.668
16	Yukon/Koyukuk	1.502
17	Yupit	1.469

18 (b) The department shall monitor the cost factors established under (a) of this  
19 section and shall prepare and submit to the legislature by January 15 of every other  
20 fiscal year proposed district cost factors. In determining the proposed district cost  
21 factors, the department shall consider cost-of-living changes as measured by the  
22 Anchorage Consumer Price Index for all urban consumers.

23 **Sec. 14.17.470. Base student allocation.** The base student allocation is  
24 \$4,012.

25 **Article 2. Preparation of Public School Funding Budget.**

26 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and  
27 submit to the department by November 5 of each fiscal year, in the manner and on  
28 forms prescribed by the department, an estimate of its ADM and other student count  
29 data, including per school student count data, for the succeeding fiscal year upon  
30 which computations can be made to estimate the amount of public school funding for  
31 which the district may be eligible under AS 14.17.400 in the succeeding fiscal year.

1 In making its report, the district shall consider its ADM, other student count data, the  
 2 pattern of growth or decline of the student population in preceding years, and other  
 3 pertinent information available to the district.

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

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

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

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

1 evidence to support the determination.

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

4 **Sec. 14.17.520. Minimum expenditure for instruction.** (a) A district shall  
5 budget for and spend a minimum of 70 percent of its school operating expenditures in  
6 each fiscal year on the instructional component of the district budget.

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

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

20 (d) A district that has been determined by the commissioner to be out of  
21 compliance with the requirements of this section may, within 20 days of the  
22 commissioner's determination, request a waiver by the board of the imposition by the  
23 commissioner of any reduction in state aid payments under (b) or (c) of this section.  
24 The request must be in writing and must include an analysis of the reasons and causes  
25 for the district's inability to comply with the requirements of this section. The board  
26 shall either grant or deny the waiver. The request must also be submitted to the  
27 Legislative Budget and Audit Committee, which shall review the district's request and  
28 forward the committee's recommendations on it to the board.

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

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

3 **Article 3. Procedure for Payments of Public School Funding.**

4 **Sec. 14.17.600. Student counting periods.** (a) Within two weeks after the  
5 end of the 20-school-day period ending the fourth Friday in October, each district shall  
6 transmit a report to the department that, under regulations adopted by the department,  
7 reports its ADM for that counting period and other student count information that will  
8 aid the department in making a determination of its state aid under the public school  
9 funding program. If it makes the district eligible for more state aid under the program,  
10 a district may transmit, within two weeks after the 20-school-day period ending the  
11 second Friday in February, a similar report for that counting period. For centralized  
12 correspondence study, the October report shall be based on the period from July 1  
13 through the fourth Friday in October, except that summer school students shall be  
14 counted as a proportionate fraction as determined by the department. The department  
15 may make necessary corrections in the report submitted and shall notify the district of  
16 changes made. The commissioner shall notify the governor of additional  
17 appropriations the commissioner estimates to be necessary to fully finance the public  
18 school funding program for the current fiscal year.

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

26 **Sec. 14.17.610. Distribution of public school funding.** (a) The department  
27 shall determine the public school funding for each school district in a fiscal year on  
28 the basis of the district's student count data reported under AS 14.17.600. On or  
29 before the 15th day of each of the first nine months of each fiscal year, one-twelfth  
30 of each district's public school funding shall be distributed on the basis of the data  
31 reported for the preceding fiscal year. On or before the 15th day of each of the last

1 three months of each fiscal year, one-third of the balance of each district's public  
 2 school funding shall be distributed, after the balance has been recomputed on the basis  
 3 of student count and other data reported for the current fiscal year.

4 (b) Distribution of public school funds under (a) of this section shall be made  
 5 as required under AS 14.17.410. If a district receives more public school funding than  
 6 it is entitled to receive under this chapter, the district shall immediately remit the  
 7 amount of overpayment to the commissioner, to be returned to the public school  
 8 account. The department may make adjustments to a district's public school funding  
 9 to correct underpayments made in previous fiscal years.

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

#### 14 **Article 4. General Provisions.**

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

19 (b) Money to carry out the provisions of this chapter may be appropriated  
 20 annually by the legislature into the public school account. If the amount in the  
 21 account is insufficient to meet the allocations authorized under AS 14.17.400 -  
 22 14.17.470 for a fiscal year, public school funding shall be reduced according to  
 23 AS 14.17.400(b).

24 **Sec. 14.17.910. Restrictions governing receipt and expenditure of district**  
 25 **money.** (a) Each district shall maintain complete financial records of the receipt and  
 26 disbursement of public school funding, money acquired from local effort, and other  
 27 money received or held by the district. The records must be in the form required by  
 28 the department and are subject to audit by the department at a time and place  
 29 designated by the department.

30 (b) Public school funding provided under this chapter is for general operational  
 31 purposes of the district. All district money, including public school funding, shall be

1 received, held, allocated, and expended by the district under applicable local law and  
 2 state and federal constitutional provisions, statutes, and regulations, including those  
 3 related to ethical standards and accounting principles.

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

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

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

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

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

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

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

20 (6) "public school funding" means money provided under the public  
 21 school funding program established in this chapter;

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

24 \* **Sec. 3.** AS 14.03.120(d) is amended to read:

25 (d) Each public school shall, by May 31 of each year, prepare a report on the  
 26 school's performance and the performance of the school's students. The report shall  
 27 be presented to parents, students, and community members at a public meeting [AND  
 28 FORWARDED TO THE CHIEF SCHOOL ADMINISTRATOR OF THE DISTRICT].

29 \* **Sec. 4.** AS 14.03.120(g) is amended to read:

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

1 \* **Sec. 5.** AS 14.03.125(e) is amended to read:

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

4 \* **Sec. 6.** AS 14.03.150(c) is amended to read:

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

11 \* **Sec. 7.** AS 14.03.160(f)(2) is amended to read:

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

13 \* **Sec. 8.** AS 14.03.260(c) is amended to read:

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

18 \* **Sec. 9.** AS 14.08.101 is amended by adding a new paragraph to read:

19 (11) employ a chief school administrator.

20 \* **Sec. 10.** AS 14.08.111(3) is amended to read:

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

24 \* **Sec. 11.** AS 14.09.010(b) is repealed and reenacted to read:

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

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

29 (2) 100 percent of the cost of operating the student transportation  
30 system when the transportation is provided under a contract with the school district.

31 \* **Sec. 12.** 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
	100,001 - 200,000	10 percent
	200,001 - 600,000	30 percent
	over 600,000	35 percent.

\* **Sec. 13.** AS 14.14.115(c)(2) is amended to read:

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

\* **Sec. 14.** AS 14.14.130(a) is amended to read:

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

\* **Sec. 15.** AS 14.14.130(b) is amended to read:

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

\* **Sec. 16.** AS 14.14.130(c) is amended to read:

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

\* **Sec. 17.** AS 14.16.020(2) is amended to read:

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

1 \* **Sec. 18.** AS 14.16.050(a)(2) is amended to read:

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

5 (A) **AS 14.17.500** [AS 14.17.080] (relating to student count  
6 estimates);

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

9 (C) **AS 14.17.500 - 14.17.910** [AS 14.17.160 - 14.17.220]  
10 (setting out the procedure for payment of **public school funding** [FINANCIAL  
11 ASSISTANCE,] and imposing general requirements and limits on money paid);

12 \* **Sec. 19.** AS 14.16.080(a) is amended to read:

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

15 \* **Sec. 20.** AS 14.20.025 is amended to read:

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

30 \* **Sec. 21.** AS 14.20.147(a) is amended to read:

31 (a) When an attendance area is transferred from a currently operating district

1 to, or absorbed into, a new or existing school district, the teachers for the attendance  
 2 area also shall be transferred unless otherwise mutually agreed by the teacher or  
 3 teachers and the chief school administrator of the new district **if the district employs**  
 4 **a chief school administrator**. Accumulated or earned benefits, including [BUT NOT  
 5 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the  
 6 teacher who is transferred.

7 \* **Sec. 22.** AS 14.20.148 is amended to read:

8 **Sec. 14.20.148. Intradistrict teacher reassignments.** When a teacher is  
 9 involuntarily transferred or reassigned to a position for which the teacher is qualified,  
 10 within the district, the teacher's moving expenses shall be paid unless the one-way  
 11 driving distance is 20 miles or less from the teacher's present place of residence, or  
 12 unless otherwise mutually agreed by the teacher and chief school administrator of the  
 13 district **if the district employs a chief school administrator**.

14 \* **Sec. 23.** AS 14.20.177(a) is amended to read:

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

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

18 (2) the **state support for** [BASIC NEED OF] the school district  
 19 determined under **AS 14.17.410(b)(1)** [AS 14.17.021(c) AND ADJUSTED UNDER  
 20 AS 14.17.225(b)] decreases by three percent or more from the previous year.

21 \* **Sec. 24.** AS 14.30.305 is amended to read:

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

27 \* **Sec. 25.** AS 14.30.347 is amended to read:

28 **Sec. 14.30.347. Transportation of exceptional children.** When transportation  
 29 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall  
 30 be carried with other children **if the district provides transportation to other**  
 31 **children in the district** [,] except when the nature of **the** [THEIR] physical or mental

1 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional  
 2 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be  
 3 transported separately. State reimbursement for transportation of exceptional children  
 4 shall be as provided for transportation of all other pupils except that eligibility for  
 5 reimbursement is not subject to restriction based on the minimum distance between the  
 6 school and the residence of the exceptional child.

7 \* **Sec. 26.** AS 14.30.650 is amended to read:

8 **Sec. 14.30.650. Funding.** Each fiscal year the department shall allocate to the  
 9 agency not less than \$85 for each special education student in the state in average  
 10 daily membership or the equivalent of two percent of the funds appropriated for special  
 11 education for that fiscal year, whichever is greater. **Money to carry out the**  
 12 **provisions of this section may be appropriated annually by the legislature. If**  
 13 **amounts are insufficient to meet the allocation authorized under this section for**  
 14 **a fiscal year, the allocation shall be reduced pro rata.** The amount allocated to the  
 15 agency shall be reduced each fiscal year by the amount contributed by the department  
 16 to the Teachers' Retirement System (AS 14.25) or the Public Employees' Retirement  
 17 System (AS 39.35) on behalf of employees of the agency.

18 \* **Sec. 27.** AS 14.36.030(a) is amended to read:

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

23 \* **Sec. 28.** AS 29.45.020(a) is amended to read:

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

26 "NOTICE TO TAXPAYER

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

30 PUBLIC SCHOOL **FUNDING** [FOUNDATION]

31 PROGRAM [ASSISTANCE] (AS 14.17) \$

1	STATE AID FOR RETIREMENT OF SCHOOL	
2	CONSTRUCTION DEBT (AS 14.11.100)	\$
3	MUNICIPAL TAX RESOURCE EQUALIZATION	
4	(AS 29.60.010 - 29.60.080)	\$
5	PRIORITY REVENUE SHARING FOR	
6	MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
7	REVENUE SHARING FOR SAFE COMMUNITIES	
8	(AS 29.60.350 - 29.60.375)	\$
9	TOTAL AID	\$

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

	MILLAGE EQUIVALENT	
	PREVIOUS YEAR	THIS YEAR
15 PUBLIC SCHOOL <u>FUNDING</u>		
16 [FOUNDATION] PROGRAM		
17 ASSISTANCE	. . . . MILLS	. . . . MILLS
18 STATE AID FOR RETIREMENT		
19 OF SCHOOL CONSTRUCTION		
20 DEBT	. . . . MILLS	. . . . MILLS
21 MUNICIPAL TAX RESOURCE		
22 EQUALIZATION	. . . . MILLS	. . . . MILLS
23 PRIORITY REVENUE FOR SHARING		
24 MUNICIPAL SERVICES	. . . . MILLS	. . . . MILLS
25 REVENUE SHARING FOR SAFE		
26 COMMUNITIES	. . . . MILLS	. . . . MILLS
27 TOTAL MILLAGE		
28 EQUIVALENT	. . . . MILLS	. . . . MILLS"

29 Notice shall be provided by  
 30 (1) [BY] furnishing a copy of the notice with tax statements mailed for  
 31 the fiscal year for which aid is received; or

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

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

6 (d) The full and true assessed property value shall be determined by the  
 7 department in the manner provided for the computation of state aid to education under  
 8 **AS 14.17.510** [AS 14.17.140]. When the determination of locally generated revenue  
 9 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true  
 10 assessed property value must include the computed assessed value of the utility,  
 11 determined by dividing the amount of the payment in place of taxes made by the  
 12 utility by the millage rate that would apply to the utility if the utility were subject to  
 13 levy and collection of taxes under AS 29.45.

14 \* **Sec. 30.** AS 36.10.090(b) is amended to read:

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

22 \* **Sec. 31.** AS 36.10.125(c) is amended to read:

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

29 \* **Sec. 32.** AS 44.47.305(c) is amended to read:

30 (c) A grant under (a) of this section may not exceed \$50 per month for each  
 31 child the child care facility cares for, or for each full-time equivalent, as determined

1 by the department. The grant shall be adjusted on a geographic basis by the same  
 2 **factor** [PERCENTAGES] as **funding for a school district is** [INSTRUCTIONAL  
 3 UNIT ALLOTMENTS ARE] adjusted under **AS 14.17.460** [AS 14.17.051].

4 \* **Sec. 33.** AS 14.16.050(a)(1)(G); AS 14.17.010, 14.17.021, 14.17.022, 14.17.024,  
 5 14.17.025, 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051,  
 6 14.17.056, 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200,  
 7 14.17.210, 14.17.220, 14.17.225, 14.17.250; and AS 14.30.315(a) are repealed.

8 \* **Sec. 34.** TRANSITION: TRANSITION FUNDING. (a) Except as provided in (b) and  
 9 (c) of this section, if, for a fiscal year beginning July 1, 1998, or July 1, 1999, a city or  
 10 borough school district or a regional educational attendance area would receive less public  
 11 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district or area  
 12 would have received as state aid for the fiscal year beginning July 1, 1998, the district or area  
 13 is eligible to receive additional public school funding equal to a percentage of the difference  
 14 between the state aid the district or area would have received for the fiscal year beginning  
 15 July 1, 1998, and the public school funding the district or area is eligible to receive under  
 16 AS 14.17.410, enacted by sec. 2 of this Act, according to the following table:

17 For the fiscal year beginning	Percentage of difference
18 July 1, 1998	75
19 July 1, 1999	50.

20 (b) A city or borough school district is not eligible for additional funding authorized  
 21 under (a) of this section unless, during the fiscal year beginning July 1, 1997, the district  
 22 received the local contribution described under AS 14.17.025(a)(1), as that provision existed  
 23 on the day before the effective date of this Act.

24 (c) For the purposes of the reduction required under AS 14.17.400(b), enacted by sec.  
 25 2 of this Act, transition funding authorized under (a) of this section is treated the same as the  
 26 state share of public school funding under AS 14.17.410, enacted by sec. 2 of this Act.

27 (d) For purposes of this section, "state aid" means state foundation aid distributed  
 28 under the provisions of AS 14.17, if those provisions had not been repealed by this Act, and  
 29 additional district support appropriated by the legislature.

30 \* **Sec. 35.** TRANSITION: REGULATIONS. (a) To the extent the regulations are not  
 31 inconsistent with the language and purposes of this Act, regulations relating to state aid for

1 public schools adopted by the Department of Education before the effective date of this  
 2 section remain in effect as valid regulations implementing this Act; all other regulations  
 3 relating to state aid for public schools adopted by the Department of Education before the  
 4 effective date of this section are annulled. The Department of Education may administer and  
 5 enforce those previously adopted regulations relating to state foundation aid for public schools.

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

8 \* **Sec. 36.** TRANSITION: PROPOSED DISTRICT COST FACTORS. The Department  
 9 of Education shall submit the initial proposed district cost factors, required under  
 10 AS 14.17.460(b), enacted in sec. 2 of this Act, to the Alaska State Legislature by January 15,  
 11 2001.

12 \* **Sec. 37.** TRANSITION: BASE STUDENT ALLOCATION. Notwithstanding  
 13 AS 14.17.470, enacted in sec. 2 of this Act, the base student allocation is as follows:

14	For the fiscal year beginning	Base student allocation
15	July 1, 1998	\$3,866
16	July 1, 1999	\$3,918.

17 \* **Sec. 38.** TRANSITION: SMALL SCHOOLS. For purposes of determining the school  
 18 size factor under AS 14.17.450, enacted under sec. 2 of this Act, the students in a school  
 19 smaller than 10 ADM on the effective date of this section shall be included in the largest  
 20 school in the district existing on the effective date of this section.

21 \* **Sec. 39.** TRANSITION: MINIMUM EXPENDITURE FOR INSTRUCTION.  
 22 Notwithstanding AS 14.17.520, enacted in sec. 2 of this Act, the minimum expenditure for the  
 23 instructional component of the school district budget is as follows:

24	For the fiscal year beginning	Minimum expenditure
25	July 1, 1998	60 percent
26	July 1, 1999	65 percent.

27 \* **Sec. 40.** This Act takes effect only if an Act providing for mandatory incorporation of  
 28 boroughs in the unorganized borough is enacted into law and takes effect on or before July 1,  
 29 1998.

30 \* **Sec. 41.** If this Act takes effect under sec. 40 of this Act, it takes effect July 1, 1998.