

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 3/10/98

Offered: 3/10/98

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

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

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

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

12 (3) give people in the unorganized borough the maximum opportunity to  
13 organize as a municipality and to provide as much flexibility as possible in choosing a method  
14 of making a local contribution to schools.

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

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

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

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

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

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

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

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

24 (1) the state share equals state support minus a local contribution and  
25 90 percent of eligible federal impact aid for that fiscal year; state support equals the  
26 sum obtained under (D) of this paragraph, multiplied by the base student allocation set  
27 out in AS 14.17.470; district adjusted ADM is calculated as follows:

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

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

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

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

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

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

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

20 (2) 23 percent of the district's state share of public school funding for  
 21 the fiscal year under (b)(1) of this section.

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

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

28 (1) special needs funding is available to a district to assist the district  
 29 in providing special education, gifted and talented education, vocational education, and  
 30 bilingual education services to its students; a special needs funding factor of 1.20 shall  
 31 be applied as set out in AS 14.17.410(b)(1);

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

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

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

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

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

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

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

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

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

30 (3) multiplying the product determined under (2) of this subsection by  
31 the district cost factor that is applicable to calculation of the public school funding for

1 the adjacent school district under AS 14.17.460.

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

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

7		If the student count		8 The adjusted student count is				
9		in a school is		The number of				
10				students in				
11				excess of				
12		At least	But less than	Base	Multiplier			
13	1	-	20	39.6				
14	20	-	30	39.6	+	(1.62	x	20)
15	30	-	75	55.8	+	(1.49	x	30)
16	75	-	150	122.85	+	(1.27	x	75)
17	150	-	250	218.1	+	(1.08	x	150)
18	250	-	400	326.1	+	(0.97	x	250)
19	400	-	750	471.6	+	(0.92	x	400)
20	750 or over			793.6	+	(0.84	x	750)

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

24	DISTRICT	DISTRICT COST FACTOR
25	Alaska Gateway	1.291
26	Aleutians East	1.423
27	Aleutians Region	1.736
28	Alyeska Central School	1.000
29	Anchorage	1.000
30	Annette Island	1.011
31	Bering Strait	1.525
	Bristol Bay	1.262
	Chatham	1.120

1	Chugach	1.294
2	Copper River	1.176
3	Cordova	1.096
4	Craig	1.010
5	Delta/Greely	1.106
6	Denali	1.313
7	Dillingham	1.254
8	Fairbanks	1.039
9	Galena	1.348
10	Haines	1.008
11	Hoonah	1.055
12	Hydaburg	1.085
13	Iditarod	1.470
14	Juneau	1.005
15	Kake	1.025
16	Kashunamiut	1.389
17	Kenai Peninsula	1.004
18	Ketchikan	1.000
19	Klawock	1.017
20	Kodiak Island	1.093
21	Kuspuk	1.434
22	Lake and Peninsula	1.558
23	Lower Kuskokwim	1.491
24	Lower Yukon	1.438
25	Matanuska-Susitna	1.010
26	Mt. Edgecumbe	1.000
27	Nenana	1.270
28	Nome	1.319
29	North Slope	1.504
30	Northwest Arctic	1.549
31	Pelican	1.290

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

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

21 **Sec. 14.17.470. Base student allocation.** The base student allocation is  
 22 \$3,944.

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

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

1 pertinent information available to the district.

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

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

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

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

31 (b) Motor vehicles subject to the motor vehicle registration tax under

1 AS 28.10.431 shall be treated as taxable property under this section.

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

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

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

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

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

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

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

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

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

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

1 of student count and other data reported for the current fiscal year.

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

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

#### 12 **Article 4. General Provisions.**

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

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

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

28 (b) Public school funding provided under this chapter is for general operational  
29 purposes of the district. All district money, including public school funding, shall be  
30 received, held, allocated, and expended by the district under applicable local law and  
31 state and federal constitutional provisions, statutes, and regulations, including those

1 related to ethical standards and accounting principles.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (e) In this section, "district" has the meaning given in AS 14.17.990

1 [AS 14.17.250].

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

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

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

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

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

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

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

17 (11) employ a chief school administrator.

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

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

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

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

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

27 (2) 100 percent of the cost of operating the student transportation  
28 system when the transportation is provided under a contract with the school district.

29 \* **Sec. 12.** AS 14.11.008(b) is amended to read:

30 (b) The required participating share for a municipal school district is based on  
31 the district's full value per **average daily membership** (ADM), which is calculated

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

7	Full Value Per ADM	District Participating Share
8	\$1 - \$100,000	5 percent
9	100,001 - 200,000	10 percent
10	200,001 - 600,000	30 percent
11	over 600,000	35 percent.

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

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

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

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

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

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

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

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

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

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

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

31 (2) requirements relating to the public school funding program

1 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and  
2 expenditure of that **funding** [ASSISTANCE]:

3 (A) **AS 14.17.500** [AS 14.17.080] (relating to student count  
4 estimates);

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

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

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

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

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

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

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

29 (a) When an attendance area is transferred from a currently operating district  
30 to, or absorbed into, a new or existing school district, the teachers for the attendance  
31 area also shall be transferred unless otherwise mutually agreed by the teacher or

1 teachers and the chief school administrator of the new district **if the district employs**  
 2 **a chief school administrator**. Accumulated or earned benefits, including [BUT NOT  
 3 LIMITED TO,] seniority, salary level, tenure, leave, and retirement, accompany the  
 4 teacher who is transferred.

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

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

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

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

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

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

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

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

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

26 **Sec. 14.30.347. Transportation of exceptional children.** When transportation  
 27 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall  
 28 be carried with other children **if the district provides transportation to other**  
 29 **children in the district** [,] except when the nature of **the** [THEIR] physical or mental  
 30 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional  
 31 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be

1 transported separately. State reimbursement for transportation of exceptional children  
 2 shall be as provided for transportation of all other pupils except that eligibility for  
 3 reimbursement is not subject to restriction based on the minimum distance between the  
 4 school and the residence of the exceptional child.

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

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

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

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

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

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

24 "NOTICE TO TAXPAYER

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

28 PUBLIC SCHOOL **FUNDING** [FOUNDATION]

29 PROGRAM [ASSISTANCE] (AS 14.17) \$

30 STATE AID FOR RETIREMENT OF SCHOOL

31 CONSTRUCTION DEBT (AS 14.11.100) \$

1	MUNICIPAL TAX RESOURCE EQUALIZATION	
2	(AS 29.60.010 - 29.60.080)	\$
3	PRIORITY REVENUE SHARING FOR	
4	MUNICIPAL SERVICES (AS 29.60.100 - 29.60.180)	\$
5	REVENUE SHARING FOR SAFE COMMUNITIES	
6	(AS 29.60.350 - 29.60.375)	\$
7	TOTAL AID	\$

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

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

27 Notice shall be provided by

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

30 (2) [BY] publishing in a newspaper of general circulation in the  
31 municipality a copy of the notice once each week for a period of three successive

1 weeks, with publication to occur not later than 45 days after the final adoption of the  
2 municipality's budget.

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

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

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

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

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

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

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

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

1 UNIT ALLOTMENTS ARE] adjusted under **AS 14.17.460** [AS 14.17.051].

2 \* **Sec. 33.** AS 14.16.050(a)(1)(G); AS 14.17.010, 14.17.021, 14.17.022, 14.17.024,  
3 14.17.025, 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051,  
4 14.17.056, 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200,  
5 14.17.210, 14.17.220, 14.17.225, 14.17.250; and AS 14.30.315(a) are repealed.

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

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

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

22 (c) For the purposes of the reduction required under AS 14.17.400(b), enacted by sec.  
23 2 of this Act, transition funding authorized under (a) of this section is treated the same as the  
24 state share of public school funding under AS 14.17.410, enacted by sec. 2 of this Act.

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

28 \* **Sec. 35.** TRANSITION: REGULATIONS. (a) To the extent the regulations are not  
29 inconsistent with the language and purposes of this Act, regulations relating to state aid for  
30 public schools adopted by the Department of Education before the effective date of this  
31 section remain in effect as valid regulations implementing this Act; all other regulations

1 relating to state aid for public schools adopted by the Department of Education before the  
 2 effective date of this section are annulled. The Department of Education may administer and  
 3 enforce those previously adopted regulations relating to state foundation aid for public schools.

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

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

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

12	For the fiscal year beginning	Base student allocation
13	July 1, 1998	\$3,855
14	July 1, 1999	\$3,888.

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

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

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

25 \* **Sec. 40.** This Act takes effect July 1, 1998.