

SENATE BILL NO. 85

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 2/12/97

Referred: HESS, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the public school funding program; repealing the public
2 school foundation program; relating to the definition of school district, to the
3 transportation of students, to school district layoff plans, to the special education
4 service agency, to the child care grant program, and to compulsory attendance
5 in public schools; and providing for an effective date."

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

7 * **Section 1.** PURPOSE OF SECTION 2. The purpose of sec. 2 of this Act is to provide
8 a level of funding through the public school funding program that allows for an equitable level
9 of educational opportunities and outcomes for those students attending the public schools of
10 the state; to promote local decision-making; and, through increased control of funding, to
11 provide more local responsibility and accountability for decisions affecting public schools.

12 * **Sec. 2.** AS 14 is amended by adding a new chapter to read:

13 **Chapter 19. Public School Funding Program.**

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

2 **Sec. 14.19.100. Public school account.** (a) The public school account is
3 established. The account consists of appropriations for distribution to school districts,
4 the state boarding school, and for the centralized correspondence study program under
5 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. 14.19.200. State funding for districts.** (a) The state funding for which
10 a school district is eligible in a fiscal year is the sum of

11 (1) the amount for which a district qualifies under AS 14.19.210
12 (equalization funding); and

13 (2) the amount for which a district qualifies under AS 14.19.215
14 (incentive funding).

15 (b) If amounts in the public school account (AS 14.19.100) are insufficient to
16 meet the amounts authorized under (a) of this section for a fiscal year, the department
17 shall reduce pro rata or eliminate incentive funding among the eligible districts. If
18 funding is still insufficient, the department shall reduce the state share of equalization
19 funding for which districts are eligible by the necessary percentage as determined by
20 the department. If the state share of equalization funding is reduced under this
21 subsection, the department shall also reduce state funding for centralized
22 correspondence study and the state boarding school by the same percentage.

23 **Sec. 14.19.210. Equalization funding.** (a) A district is eligible for
24 equalization funding in an amount equal to the sum of its level I and level II funding,
25 as calculated under this section.

26 (b) Except as provided in (e) of this section, level I equalization funding
27 consists of a level I state share and a level I local contribution, determined as follows:

28 (1) level I state share equals level I need minus level I local
29 contribution; level I need equals the district adjusted ADM, multiplied by the base
30 student allocation set out at AS 14.19.275, plus any intensive services funding for
31 which the district qualifies under AS 14.19.220(a)(2); district adjusted ADM is

1 calculated as follows:

2 (A) the ADM of a funding community is multiplied by the
3 funding community size factor set out in AS 14.19.260;

4 (B) the product obtained under (A) of this paragraph is
5 multiplied by the funding community area cost factor described in
6 AS 14.19.270(a) and set out in regulations adopted by the department;

7 (C) if a funding community is the only funding community in
8 a district with an ADM of 900 or less, the product obtained under (B) of this
9 paragraph is multiplied by the appropriate factor set out in AS 14.19.260(b);

10 (D) the ADMs of each funding community in a district, as
11 adjusted according to (A) - (C) of this paragraph are summed; the sum is then
12 multiplied by the special needs factor set out in AS 14.19.220(a)(1);

13 (E) the product obtained under (D) of this paragraph is
14 multiplied by a district's student transportation factor described in
15 AS 14.19.270(b) and set out in regulations by the department; the resulting
16 product is the district's adjusted ADM;

17 (2) for the fiscal year beginning July 1, 1997, the level I local
18 contribution is the equivalent of a three mill tax levy on the full and true value of the
19 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 14.19.310 and AS 29.45.110, not to exceed 35 percent of a district's
22 level I need as determined under AS 14.19.210(b)(1) for the preceding fiscal year; for
23 the fiscal year beginning July 1, 1998 and subsequent fiscal years, the required mill
24 equivalent shall be increased by one-fourth of a mill each year until the level I local
25 contribution is the equivalent of a four mill tax levy, but in each year a district's level
26 I local contribution may not exceed 35 percent of the district's level I need for the
27 preceding fiscal year, as determined under AS 14.19.210(b)(1).

28 (c) Except as provided in (e) of this section, level II equalization funding
29 consists of a level II state share and a level II local contribution, determined by the
30 following formula:

31 (1) level II state share = $V_s / (V_s + V_i) \times V_s \times 5 \text{ mills} \times \text{district ADM}$;

1 and

2 (2) level II local contribution = $V_s \times 5 \text{ mills} \times \text{district ADM}$ - the
3 amount determined under (1) of this subsection.

4 (d) Equalization funding may not be provided to a district in a city or borough
5 if the level I and level II local contributions required under (b) and (c) of this section
6 have not been made.

7 (e) In a regional educational attendance area, level I funding consists of level
8 I need, calculated under (b)(1) of this section, and level II funding consists of the level
9 II state share only, determined under (c)(1) of this section for that regional educational
10 attendance area.

11 (f) In this section

12 (1) " V_i " means the amount determined by dividing the full and true
13 value of the taxable real and personal property in the district as calculated under
14 AS 14.19.310 and AS 29.45.110 by the district ADM; in a regional educational
15 attendance area, " V_i " equals zero;

16 (2) " V_s " means the amount determined by dividing the sum of the full
17 and true value of the taxable real and personal property of all districts in the state as
18 calculated under AS 14.19.310 and AS 29.45.110 by the total ADM of all districts in
19 the state.

20 **Sec. 14.19.215. Incentive funding.** (a) In addition to level I and level II
21 equalization funding for which a district may qualify, a district may be eligible for
22 level III incentive funding as provided in this section.

23 (b) The department may adopt regulations setting out the requirements for
24 incentive funding.

25 (c) A district is eligible for incentive funding under this section if the
26 department receives an incentive funding application and plan that meets the
27 requirements set out in regulations adopted by the department, and if the commissioner
28 approves the plan, based on findings that the incentive plan

29 (1) describes how the district will implement one or more quality
30 school initiatives set out in regulations adopted by the department;

31 (2) includes a budget for implementing the incentive plan, consistent

1 with (d) of this section; and

2 (3) meets all other requirements for the incentive funding as set out in
3 regulations adopted by the department.

4 (d) An incentive plan budget must provide that at least 35 percent of the
5 money necessary to implement the plan will be from money of the district. State
6 incentive funding shall comprise the balance of the necessary money, except that
7 incentive funding may not exceed \$97.50 per district ADM.

8 **Sec. 14.19.220. Special needs and intensive services funding.** (a) As a
9 component of level I equalization funding, a district is eligible for special needs
10 funding and may be eligible for intensive services funding as follows:

11 (1) special needs funding is available to a district to assist the district
12 in providing special education, gifted and talented education, vocational education, and
13 bilingual education to its students; a special needs funding factor of 1.20 shall be
14 applied as set out in AS 14.19.210(b)(1);

15 (2) in addition to the special needs funding for which a district is
16 eligible under (1) of this subsection, a district is eligible for intensive services funding
17 for each special education student who needs and receives intensive services and is
18 enrolled on the last day of the count period; for each such student, intensive services
19 funding is equal to \$22,500 multiplied by the area cost factor of the funding
20 community in which the student is enrolled.

21 (b) In this section "intensive services" has the meaning given by the
22 department by regulation adopted under AS 14.30.180 - 14.30.350.

23 **Sec. 14.19.230. State funding for centralized correspondence study.** Except
24 as provided in AS 14.19.200(b), funding for the state centralized correspondence study
25 program includes an allocation from the public school account (AS 14.19.100) in an
26 amount calculated by multiplying the ADM of the correspondence program by the base
27 student allocation and multiplying that product by 65 percent.

28 **Sec. 14.19.235. State funding for state boarding school.** Except as provided
29 in AS 14.19.200(b), funding for the state boarding school established under
30 AS 14.16.010 includes an allocation from the public school account (AS 14.19.100)
31 in an amount calculated by multiplying the ADM of the state boarding school by the

1 special needs factor in AS 14.19.220(a)(1), and multiplying that product by the base
 2 student allocation. The state boarding school is also eligible for intensive services
 3 funding under AS 14.19.220(a)(2).

4 **Sec. 14.19.240. Local contribution.** (a) The required local contribution to
 5 a district in a city or borough is the sum of levels I and II local contributions required
 6 under AS 14.19.210.

7 (b) A district's level I local contribution is calculated according to
 8 AS 14.19.210(b)(2).

9 (c) A district's level II local contribution is calculated according to
 10 AS 14.19.210(c)(2).

11 (d) Nothing in this section prohibits a city or borough from contributing to its
 12 district amounts in excess of the local contribution required under this section.

13 **Sec. 14.19.250. Funding communities.** The department shall adopt
 14 regulations defining funding communities within each district that reflect geographic
 15 and attendance area factors. The regulations may not allow for funding communities
 16 smaller than 10 ADM.

17 **Sec. 14.19.260. Funding community size factor.** (a) For purposes of
 18 calculating a district's adjusted ADM to determine level I equalization funding, the
 19 ADM of each funding community in a district shall be multiplied by a funding
 20 community size factor as set out in the following table:

21	ADM	Funding Community Size Factor
22	10 - 20	2.75
23	21 - 40	2.20
24	41 - 80	1.90
25	81 - 160	1.55
26	161 - 400	1.40
27	401 - 1,000	1.10
28	over 1,000	1.00

29 (b) For a district that consists of one funding community with an ADM of
 30 900 or less, the district ADM shall be multiplied according to AS 14.19.210(b)(1) by
 31 the appropriate factor as set out in the following table:

1	ADM	Factor
2	1 - 250	1.12
3	251 - 525	1.08
4	526 - 900	1.06

5 **Sec. 14.19.270. Area cost and transportation factors.** (a) For purposes of
6 calculating a district's adjusted ADM under AS 14.19.210(b)(1), the department shall
7 adopt in regulation an area cost factor for each funding community. In adopting the
8 regulations, the department shall consider factors that affect the cost of providing
9 public educational services in a funding community, including student transportation.

10 (b) For purposes of calculating a district's adjusted ADM under
11 AS 14.19.210(b)(1), the department shall adopt in regulation a transportation factor for
12 each district.

13 **Sec. 14.19.275. Base student allocation.** The base student allocation is
14 \$2,950 for the fiscal year beginning July 1, 1997, \$3,150 for the fiscal year beginning
15 July 1, 1998, \$3,250 for the fiscal year beginning July 1, 1999, \$3,325 for the fiscal
16 year beginning July 1, 2000, \$3,400 for the fiscal year beginning July 1, 2001, and
17 \$3,400 for subsequent fiscal years.

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

19 **Sec. 14.19.300. Student count estimate.** (a) A district shall prepare and
20 submit to the department by October 15 of each fiscal year, in the manner and on
21 forms prescribed by the department, an estimate of its ADM and other student count
22 data for the succeeding fiscal year, upon which computations can be made to estimate
23 the amount of public school funding for which the district may be eligible under
24 AS 14.19.200 in the succeeding fiscal year. In making its report, the district shall
25 consider its ADM, other student count data, the pattern of growth or decline of the
26 student population in preceding years, and other pertinent information available to the
27 district.

28 (b) Part-time students and district correspondence students shall be included
29 in the student count data in accordance with regulations adopted by the department.

30 **Sec. 14.19.305. Fund balance in school operating fund.** (a) A district may
31 not accumulate in a fiscal year an unreserved portion of its year-end fund balance in

1 its school operating fund, as defined by department regulations, that is greater than 10
2 percent of its expenditures for that fiscal year.

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

8 **Sec. 14.19.310. Determination of full and true value by Department of**
9 **Community and Regional Affairs.** (a) To determine the amount of required local
10 contribution under AS 14.19.240 and to aid the department and the legislature in
11 planning, the Department of Community and Regional Affairs, in consultation with the
12 assessor for each district in a city or borough, shall determine the full and true value
13 of the taxable real and personal property in each district in a city or borough. If there
14 is no local assessor or current local assessment for a city or borough school district,
15 then the Department of Community and Regional Affairs shall make the determination
16 of full and true value from information available. In making the determination, the
17 Department of Community and Regional Affairs shall be guided by AS 29.45.110.
18 The determination of full and true value shall be made by October 1 and sent by
19 certified mail, return receipt requested, on or before that date to the president of the
20 school board in each district in a city or borough. Duplicate copies shall be sent to
21 the commissioner. The governing body of a city or borough that is a school district
22 may obtain judicial review of the determination. The superior court may modify the
23 determination of the Department of Community and Regional Affairs only upon a
24 finding of abuse of discretion or upon a finding that there is no substantial evidence
25 to support the determination.

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

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

29 **Sec. 14.19.400. Student counting periods.** (a) Within two weeks after the
30 end of the 20-school-day period ending the fourth Friday in October, each district shall
31 transmit a report to the department that, under regulations adopted by the department,

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

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

20 **Sec. 14.19.410. Distribution of public school funding.** (a) The department
21 shall determine the public school funding for each school district in a fiscal year on
22 the basis of the district's student count data reported under AS 14.19.400. On or
23 before the 15th day of each of the first nine months of each fiscal year, one-twelfth
24 of each district's public school funding shall be distributed on the basis of the data
25 reported for the preceding fiscal year. On or before the 15th day of each of the last
26 three months of each fiscal year, one-third of the balance of each district's public
27 school funding shall be distributed, after the balance has been recomputed on the basis
28 of student count and other data reported for the current fiscal year.

29 (b) If a district receives more public school funding than it is entitled to
30 receive under this chapter, the district shall immediately remit the amount of
31 overpayment to the commissioner, to be returned to the public school account

1 (AS 14.19.100).

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

6 **Article 4. General Provisions.**

7 **Sec. 14.19.900. Construction and implementation of chapter.** (a) This
8 chapter does not create a debt of the state. Each district shall establish, maintain, and
9 operate under a balanced budget. The state is not responsible for the debts of a school
10 district.

11 (b) Money to carry out the provisions of AS 14.19.100 - 14.19.990 may be
12 appropriated annually by the legislature into the public school account (AS 14.19.100).
13 If amounts in the account are insufficient to meet the allocations authorized under
14 AS 14.19.200 - 14.19.275 for a fiscal year, public school funding shall be reduced
15 according to AS 14.19.200(b).

16 **Sec. 14.19.910. Restrictions governing receipt and expenditure of district**
17 **money.** (a) Each district shall maintain complete financial records of the receipt and
18 disbursement of public school funding, money acquired from local effort, and other
19 money received or held by the district. The records must be in the form required by
20 the department and are subject to audit by the department at a time and place
21 designated by the department.

22 (b) All district money, including public school funding, shall be received, held,
23 and expended by the district in accordance with

24 (1) applicable local law and state and federal constitutional provisions,
25 statutes, and regulations, including those related to ethical standards and accounting
26 principles; and

27 (2) other legal requirements.

28 (c) Public school funding provided under this chapter is for general operational
29 purposes of the district. The district shall allocate this money so that the district's
30 educational program is consistent with the requirements of federal, state, and local law.

31 **Sec. 14.19.920. Regulations.** The department shall adopt regulations to

1 interpret and implement this chapter.

2 **Sec. 14.19.990. Definitions.** In this chapter, unless the context requires
3 otherwise,

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

9 (2) "commissioner" means the commissioner of education;

10 (3) "department" means the Department of Education;

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

13 (5) "district adjusted ADM" means the number resulting from the
14 calculations under AS 14.19.210(b)(1);

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

16 (7) "local contribution" means appropriations and the value of in-kind
17 services made by a city or borough to its district;

18 (8) "public school funding" means money provided under the public
19 school funding program established in AS 14.19.100 - 14.19.990;

20 (9) "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(g) is amended to read:

23 (g) In this section, "district" has the meaning given in AS 14.19.990
24 [AS 14.17.250].

25 * **Sec. 4.** AS 14.03.125(e) is amended to read:

26 (e) In this section, "district" has the meaning given in AS 14.19.990
27 [AS 14.17.250].

28 * **Sec. 5.** AS 14.03.150(c) is amended to read:

29 (c) The department may not award a school construction or major maintenance
30 grant under AS 14.11 to a municipality that is a school district or a regional
31 educational attendance area that is not in compliance with (a) of this section. The

1 department shall reduce the amount of **public school funding** [STATE FOUNDATION
2 AID] under **AS 14.19.200** [AS 14.17.021] for which a school district may qualify, by
3 the amount, if any, paid by the department under (b) of this section.

4 * **Sec. 6.** AS 14.09.010 is repealed and reenacted to read:

5 **Sec. 14.09.010. Transportation of students.** (a) A district may provide for
6 the transportation of students.

7 (b) A district that provides for the transportation of students is eligible for
8 adjustments in public school funding as set out in AS 14.19.270(b).

9 (c) A district that provides for the transportation of students may determine
10 and establish a system for the transportation of students to address needs and priorities
11 of the district. However, the district shall comply with applicable statutes, regulations,
12 and local laws related to minimum standards for school buses, school bus driver
13 training courses, certification of course instructors, certification of bus drivers, and
14 other safety concerns related to the transportation of students.

15 * **Sec. 7.** AS 14.11.008(b) is amended to read:

16 (b) The required participating share for a municipal school district is based on
17 the district's full value per ADM, which is calculated by dividing the full and true
18 value of the taxable real and personal property in the district, calculated as described
19 in **AS 14.19.310** [AS 14.17.025(a)(1)], by the district average daily membership
20 (ADM) as defined in **AS 14.19.990** [AS 14.17.250], for the same fiscal year for which
21 the valuation was made. The municipal district's full value per ADM determines the
22 district's required participating share, as follows:

23	Full Value Per ADM	District Participating Share
24	\$ 1 - \$100,000	5 percent
25	100,001 - 200,000	10 percent
26	200,001 - 600,000	30 percent
27	over 600,000	35 percent.

28 * **Sec. 8.** AS 14.14.115(c)(2) is amended to read:

29 (2) "district" has the meaning given in **AS 14.19.990** [AS 14.17.250].

30 * **Sec. 9.** 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 14.19.300** [AS 14.17.080] (relating to student count
4 estimates);

5 (B) **AS 14.19.305** [AS 14.17.082] (relating to school operating
6 fund balances);

7 (C) **AS 14.19.300 - 14.19.910** [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. 10.** AS 14.16.080(a) is amended to read:

11 (a) **AS 14.19.235** [AS 14.17.024] applies to the calculation of **public school**
12 **funding** [STATE AID] payable for operation of the state boarding school.

13 * **Sec. 11.** AS 14.20.177(a) is amended to read:

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

16 (1) school attendance in the district has decreased; [OR]

17 (2) the **level I** [BASIC] need of the school district determined under
18 **AS 14.19.210(b)(1)** [AS 14.17.021(b) AND ADJUSTED UNDER AS 14.17.225(b)]
19 decreases by three percent or more from the previous year; **or**

20 (3) **the state share of equalization funding is reduced under**
21 **AS 14.19.200(b) by three percent or more in a fiscal year.**

22 * **Sec. 12.** AS 14.30.347 is amended to read:

23 **Sec. 14.30.347. Transportation of exceptional children.** When transportation
24 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall
25 be carried with other children, **if the district provides transportation to other**
26 **children in the district,** except when the nature of **the** [THEIR] physical or mental
27 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional
28 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be
29 transported separately. **A district is responsible for the costs associated with**
30 **providing transportation as a related service to an exceptional child.** [STATE
31 REIMBURSEMENT FOR TRANSPORTATION OF EXCEPTIONAL CHILDREN

1 SHALL BE AS PROVIDED FOR TRANSPORTATION OF ALL OTHER PUPILS
 2 EXCEPT THAT ELIGIBILITY FOR REIMBURSEMENT IS NOT SUBJECT TO
 3 RESTRICTION BASED ON THE MINIMUM DISTANCE BETWEEN THE
 4 SCHOOL AND THE RESIDENCE OF THE EXCEPTIONAL CHILD.]

5 * **Sec. 13.** AS 14.30.650 is repealed and reenacted to read:

6 **Sec. 14.30.650. Funding.** (a) Subject to legislative appropriation, each fiscal
 7 year the department may allocate to the agency an amount equal to 18 percent of the
 8 unadjusted statewide ADM multiplied by \$85.

9 (b) In this section, "statewide ADM" means the sum of all district ADMs in
 10 the state as calculated under AS 14.19.

11 * **Sec. 14.** AS 29.45.020(a) is amended to read:

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

14 "NOTICE TO TAXPAYER

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

18 <u>PUBLIC SCHOOL FUNDING PROGRAM (AS 14.19)</u> [PUBLIC	
19 SCHOOL FOUNDATION PROGRAM ASSISTANCE (AS 14.17)]	\$
20 STATE AID FOR RETIREMENT OF SCHOOL CONSTRUCTION	
21 DEBT (AS 14.11.100)	\$
22 MUNICIPAL TAX RESOURCE EQUALIZATION ASSISTANCE	
23 (AS 29.60.010 - 29.60.080)	\$
24 STATE AID FOR MISCELLANEOUS MUNICIPAL SERVICES	
25 (AS 29.60.100 - 29.60.180)	\$
26 TOTAL AID	\$

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

30 MILLAGE EQUIVALENT	
31 PREVIOUS YEAR	THIS YEAR

1	<u>PUBLIC SCHOOL FUNDING PROGRAM</u>	....MILLS	....MILLS
2	[PUBLIC SCHOOL FOUNDATION PROGRAM		
3	ASSISTANCE]		
4	STATE AID FOR RETIREMENT OF		
5	SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
6	MUNICIPAL TAX RESOURCE		
7	EQUALIZATION ASSISTANCE	....MILLS	....MILLS
8	STATE AID FOR MISCELLANEOUS		
9	MUNICIPAL SERVICES	....MILLS	....MILLS
10	TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

11 Notice shall be provided

12 (1) by furnishing a copy of the notice with tax statements mailed for
13 the fiscal year for which aid is received; or

14 (2) by publishing in a newspaper of general circulation in the
15 municipality a copy of the notice once each week for a period of three successive
16 weeks, with publication to occur not later than 45 days after the final adoption of the
17 municipality's budget.

18 * **Sec. 15.** AS 44.47.305(c) is amended to read:

19 (c) A grant under (a) of this section may not exceed \$50 per month for each
20 child the child care facility cares for, or for each full-time equivalent, as determined
21 by the department. The grant shall be adjusted on a geographic basis by the same
22 percentages as **funding communities** [INSTRUCTIONAL UNIT ALLOTMENTS] are
23 adjusted under **AS 14.19.270** [AS 14.17.051].

24 * **Sec. 16.** AS 14.09.020; AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025,
25 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051, 14.17.056,
26 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210,
27 14.17.220, 14.17.225, 14.17.250; and AS 14.30.010(b)(7) are repealed.

28 * **Sec. 17.** TRANSITION: INCENTIVE FUNDING. (a) Notwithstanding
29 AS 14.19.215(c), enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1997 and
30 July 1, 1998 and for the purposes of calculating public school funding under AS 14.19,
31 enacted by sec. 2 of this Act, a district is eligible for incentive funding if the department

1 receives an incentive funding plan and application from the district by January 15 of the
 2 applicable fiscal year and the commissioner approves the plan based on findings that the
 3 incentive plan will enable the district to

4 (1) establish student standards that meet or exceed the student standards set
 5 out in regulations adopted by the Department of Education under AS 14.03 and AS 14.07;

6 (2) implement district-wide plans for school improvement that meet or exceed
 7 the elements of the school improvement process adopted by the Northwest Association of
 8 Schools and Colleges and published by the National Study of School Evaluation as the 1995
 9 editions of the Elementary School Improvement: Focusing on Student Performance; Middle
 10 Level School Improvement: Focusing on Student Performance; Senior High School
 11 Improvement: Focusing on Student Performance; and K - 12 School Improvement: Focusing
 12 on Student Performance; or

13 (3) establish a performance-based assessment system for teachers based on
 14 district standards and implement a professional development plan, aligned with the assessment
 15 system, that includes instructional methods designed to improve student performance.

16 * **Sec. 18.** TRANSITION: AREA COST FACTORS. (a) Notwithstanding AS 14.19.270,
 17 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1997, and July 1, 1998 and
 18 for the purposes of calculating public school funding under AS 14.19, enacted by sec. 2 of this
 19 Act, the area cost factor of a funding community of a school district is as follows:

20	DISTRICT	FUNDING COMMUNITY	AREA COST FACTOR
21	Alaska Gateway	Alcan Border	1.14
22	Alaska Gateway	Dot Lake	1.14
23	Alaska Gateway	Eagle	1.14
24	Alaska Gateway	Mentasta	1.14
25	Alaska Gateway	Northway	1.14
26	Alaska Gateway	Tanacross	1.14
27	Alaska Gateway	Tetlin	1.14
28	Alaska Gateway	Tok	1.14
29	Aleutians East	Akutan	1.32
30	Aleutians East	Cold Bay	1.32
31	Aleutians East	False Pass	1.32

1	Aleutians East	King Cove	1.32
2	Aleutians East	Nelson Lagoon	1.32
3	Aleutians East	Sand Point	1.32
4	Aleutians Region	Atka	1.32
5	Alyeska Central School	Alyeska Central School	1.00
6	Anchorage	Anchorage	1.00
7	Anchorage	Eagle River	1.00
8	Anchorage	Girdwood	1.00
9	Annette Island	Annette	1.05
10	Bering Strait	Brevig Mission	1.40
11	Bering Strait	Diomede	1.55
12	Bering Strait	Elim	1.40
13	Bering Strait	Gambell	1.55
14	Bering Strait	Golovin	1.40
15	Bering Strait	Koyuk	1.40
16	Bering Strait	Savoonga	1.55
17	Bering Strait	Shaktoolik	1.40
18	Bering Strait	Shishmaref	1.40
19	Bering Strait	St. Michael	1.40
20	Bering Strait	Stebbins	1.40
21	Bering Strait	Teller	1.40
22	Bering Strait	Unalakleet	1.40
23	Bering Strait	Wales	1.40
24	Bering Strait	White Mountain	1.40
25	Bristol Bay	Bristol Bay	1.40
26	Bristol Bay	South Naknek	1.40
27	Chatham	Angoon	1.05
28	Chatham	Cube Cove	1.05
29	Chatham	Elfin Cove	1.05
30	Chatham	Gustavus	1.05
31	Chatham	Hobart Bay	1.05

1	Chatham	Klukwan	1.05
2	Chatham	Tenakee Springs	1.05
3	Chugach	Chenega Bay	1.14
4	Chugach	Icy Bay	1.14
5	Chugach	Tatitlek	1.14
6	Chugach	Whittier	1.05
7	Chugach	Yakataga	1.14
8	Copper River	Chistochina	1.05
9	Copper River	Copper Center	1.05
10	Copper River	Gakona	1.05
11	Copper River	Glennallen	1.05
12	Copper River	Kenny Lake	1.05
13	Copper River	Lottie Sparks	1.05
14	Copper River	Slana	1.05
15	Cordova	Cordova	1.14
16	Craig	Craig	1.05
17	Delta/Greely	Delta Junction	1.14
18	Delta/Greely	Healy Lake	1.14
19	Denali	Anderson	1.14
20	Denali	Cantwell	1.14
21	Denali	Healy	1.14
22	Dillingham	Dillingham	1.32
23	Fairbanks	Eielson	1.00
24	Fairbanks	Fairbanks	1.00
25	Fairbanks	North Pole	1.00
26	Fairbanks	Salcha	1.05
27	Fairbanks	Two Rivers	1.05
28	Galena	Galena	1.32
29	Haines	Haines	1.05
30	Haines	Mosquito Lake	1.05
31	Hoonah	Hoonah	1.05

1	Hydaburg	Hydaburg	1.05
2	Iditarod	Anvik	1.32
3	Iditarod	Grayling	1.32
4	Iditarod	Holy Cross	1.32
5	Iditarod	Lake Minchumina	1.32
6	Iditarod	Lime Village	1.32
7	Iditarod	McGrath	1.32
8	Iditarod	Nikolai	1.32
9	Iditarod	Shageluk	1.32
10	Iditarod	Takotna	1.32
11	Iditarod	Telida	1.32
12	Juneau	Juneau	1.00
13	Kake	Kake	1.05
14	Kashunamiut	Chevak	1.32
15	Kenai Peninsula	Anchor Point	1.00
16	Kenai Peninsula	Cooper Landing	1.00
17	Kenai Peninsula	Homer	1.00
18	Kenai Peninsula	Hope	1.00
19	Kenai Peninsula	Kachemak Selo	1.05
20	Kenai Peninsula	Kasilof	1.00
21	Kenai Peninsula	Kenai	1.00
22	Kenai Peninsula	McNeil Canyon	1.00
23	Kenai Peninsula	Moose Pass	1.00
24	Kenai Peninsula	Nanwalek	1.05
25	Kenai Peninsula	Nikiski	1.00
26	Kenai Peninsula	Nikolaevsk	1.05
27	Kenai Peninsula	Ninilchik	1.00
28	Kenai Peninsula	Port Graham	1.05
29	Kenai Peninsula	Razdolna	1.05
30	Kenai Peninsula	Seldovia	1.05
31	Kenai Peninsula	Seward	1.00

1	Kenai Peninsula	Soldotna	1.00
2	Kenai Peninsula	Sterling	1.00
3	Kenai Peninsula	Tyonek	1.05
4	Kenai Peninsula	Voznesenka	1.05
5	Ketchikan	Ketchikan	1.00
6	Klawock	Klawock	1.05
7	Kodiak Island	Akhiok	1.14
8	Kodiak Island	Big Sandy Lake	1.14
9	Kodiak Island	Chiniak	1.05
10	Kodiak Island	Danger Bay	1.14
11	Kodiak Island	Karluk	1.14
12	Kodiak Island	Kodiak	1.05
13	Kodiak Island	Larsen Bay	1.14
14	Kodiak Island	Old Harbor	1.14
15	Kodiak Island	Ouzinkie	1.14
16	Kodiak Island	Port Lions	1.14
17	Kuspuk	Aniak	1.32
18	Kuspuk	Chuathbaluk	1.32
19	Kuspuk	Crooked Creek	1.32
20	Kuspuk	Lower Kalskag	1.32
21	Kuspuk	Red Devil	1.32
22	Kuspuk	Sleetmute	1.32
23	Kuspuk	Stony River	1.32
24	Kuspuk	Upper Kalskag	1.32
25	Lake and Peninsula	Chignik Bay	1.32
26	Lake and Peninsula	Chignik Lagoon	1.32
27	Lake and Peninsula	Chignik Lake	1.32
28	Lake and Peninsula	Egegik	1.32
29	Lake and Peninsula	Igiugig	1.32
30	Lake and Peninsula	Ivanof Bay	1.32
31	Lake and Peninsula	Kokhanok	1.32

1	Lake and Peninsula	Levelok	1.32
2	Lake and Peninsula	Newhalen	1.32
3	Lake and Peninsula	Nondalton	1.32
4	Lake and Peninsula	Pedro Bay	1.32
5	Lake and Peninsula	Perryville	1.32
6	Lake and Peninsula	Pilot Point	1.32
7	Lake and Peninsula	Port Alsworth	1.32
8	Lake and Peninsula	Port Heiden	1.32
9	Lower Kuskokwim	Akiuk	1.32
10	Lower Kuskokwim	Akula	1.32
11	Lower Kuskokwim	Atmautlauk	1.32
12	Lower Kuskokwim	Bethel	1.32
13	Lower Kuskokwim	Chefornak	1.32
14	Lower Kuskokwim	Eek	1.32
15	Lower Kuskokwim	Goodnews Bay	1.32
16	Lower Kuskokwim	Kipnuk	1.32
17	Lower Kuskokwim	Kongiganak	1.32
18	Lower Kuskokwim	Kwethluk	1.32
19	Lower Kuskokwim	Kwigillingok	1.32
20	Lower Kuskokwim	Mekoryuk	1.40
21	Lower Kuskokwim	Napakiak	1.32
22	Lower Kuskokwim	Napaskiak	1.32
23	Lower Kuskokwim	Newtok	1.32
24	Lower Kuskokwim	Nightmute	1.32
25	Lower Kuskokwim	Nunapitchuk	1.32
26	Lower Kuskokwim	Oscarville	1.32
27	Lower Kuskokwim	Platinum	1.32
28	Lower Kuskokwim	Quinhagak	1.32
29	Lower Kuskokwim	Toksook Bay	1.32
30	Lower Kuskokwim	Tuntutuliak	1.32
31	Lower Kuskokwim	Tununak	1.32

1	Lower Yukon	Alakanak	1.32
2	Lower Yukon	Emmonak	1.32
3	Lower Yukon	Hooper Bay	1.32
4	Lower Yukon	Kotlik	1.32
5	Lower Yukon	Marshall	1.32
6	Lower Yukon	Mountain Village	1.32
7	Lower Yukon	Pilot Station	1.32
8	Lower Yukon	Pitkas Point	1.32
9	Lower Yukon	Russian Mission	1.32
10	Lower Yukon	Scammon Bay	1.32
11	Lower Yukon	Sheldon Point	1.32
12	Mat-Su	Beryozava	1.05
13	Mat-Su	Big Lake	1.00
14	Mat-Su	Butte	1.00
15	Mat-Su	Colony	1.00
16	Mat-Su	Glacier View	1.00
17	Mat-Su	Houston	1.00
18	Mat-Su	Mat-Su Valley	1.00
19	Mat-Su	Palmer	1.00
20	Mat-Su	Pt. McKenzie	1.00
21	Mat-Su	Skwentna	1.05
22	Mat-Su	Sutton	1.00
23	Mat-Su	Talkeetna	1.00
24	Mat-Su	Trapper Creek	1.00
25	Mat-Su	Wasilla	1.00
26	Mat-Su	Willow	1.00
27	Mt. Edgecumbe	Mt. Edgecumbe	1.00
28	Nenana	Nenana	1.14
29	Nome	Nome	1.32
30	North Slope	Anaktuvuk Pass	1.55
31	North Slope	Atqasuk	1.55

1	North Slope	Barrow	1.55
2	North Slope	Kaktovik	1.55
3	North Slope	Nuiqsut	1.55
4	North Slope	Point Hope	1.55
5	North Slope	Point Lay	1.55
6	North Slope	Wainwright	1.55
7	Northwest Arctic	Ambler	1.45
8	Northwest Arctic	Buckland	1.45
9	Northwest Arctic	Deering	1.45
10	Northwest Arctic	Kiana	1.45
11	Northwest Arctic	Kivalina	1.45
12	Northwest Arctic	Kobuk	1.45
13	Northwest Arctic	Kotzebue	1.45
14	Northwest Arctic	Noatak	1.45
15	Northwest Arctic	Noorvik	1.45
16	Northwest Arctic	Selawik	1.45
17	Northwest Arctic	Shungnak	1.45
18	Pelican	Pelican	1.05
19	Petersburg	Petersburg	1.00
20	Pribilof	St. George	1.40
21	Pribilof	St. Paul	1.40
22	Sitka	Sitka	1.00
23	Skagway	Skagway	1.05
24	Southeast Island	Craik	1.05
25	Southeast Island	Edna Bay	1.05
26	Southeast Island	Hollis	1.05
27	Southeast Island	Howard Valentine	1.05
28	Southeast Island	Jr. Gildersleeve	1.05
29	Southeast Island	Kasaan	1.05
30	Southeast Island	Naukati	1.05
31	Southeast Island	Polk Inlet	1.05

1	Southeast Island	Port Alexander	1.05
2	Southeast Island	Port Protection	1.05
3	Southeast Island	Thorne Bay	1.05
4	Southeast Island	Whale Pass	1.05
5	Southwest Region	Aleknagik North	1.32
6	Southwest Region	Clarks Point	1.32
7	Southwest Region	Ekwok	1.32
8	Southwest Region	Koliganek	1.32
9	Southwest Region	Manokotak	1.32
10	Southwest Region	New Stuyahok	1.32
11	Southwest Region	Portage	1.32
12	Southwest Region	Togiak	1.32
13	Southwest Region	Twin Hills	1.32
14	St. Mary's	St. Mary's	1.32
15	Tanana	Tanana	1.40
16	Unalaska	Unalaska	1.32
17	Valdez	Valdez	1.05
18	Wrangell	Wrangell	1.00
19	Yakutat	Yakutat	1.14
20	Yukon Flats	Arctic Village	1.45
21	Yukon Flats	Beaver	1.45
22	Yukon Flats	Birch Creek	1.45
23	Yukon Flats	Central	1.32
24	Yukon Flats	Chalkyitsik	1.45
25	Yukon Flats	Circle	1.32
26	Yukon Flats	Fort Yukon	1.45
27	Yukon Flats	Northern Lights	1.32
28	Yukon Flats	Rampart	1.45
29	Yukon Flats	Stevens Village	1.45
30	Yukon Flats	Venetie	1.45
31	Yukon/Koyukuk	Allakaket	1.40

1	Yukon/Koyukuk	Bettles	1.40
2	Yukon/Koyukuk	Hughes	1.40
3	Yukon/Koyukuk	Huslia	1.40
4	Yukon/Koyukuk	Kaltag	1.40
5	Yukon/Koyukuk	Koyukuk	1.40
6	Yukon/Koyukuk	Manley Hot Springs	1.40
7	Yukon/Koyukuk	Minto	1.32
8	Yukon/Koyukuk	Nulato	1.40
9	Yukon/Koyukuk	Ruby	1.40
10	Yupiiit	Akiachak	1.32
11	Yupiiit	Akiak	1.32
12	Yupiiit	Tuluksak	1.32

13 (b) The Department of Education shall research and report to the governor and the
14 legislature regarding the area costs in the funding communities in the school districts in the
15 state for the public school funding program under AS 14.19 as enacted by sec. 2 of this Act.
16 The department shall submit the report no later than January 1, 1999.

17 (c) For the period during which the area cost factors set out in (a) of this section serve
18 as the public school funding area cost factors under AS 14.19, enacted by sec. 2 of this Act,
19 those area cost factors apply for purposes of geographic adjustments to child care grants under
20 AS 44.47.305(c), as amended by sec. 15 of this Act.

21 * **Sec. 19. TRANSITION: STUDENT TRANSPORTATION.** (a) Notwithstanding
22 AS 14.09.010(b) and 14.19.270(b), enacted by sec. 2 of this Act, for the fiscal years beginning
23 July 1, 1997 and July 1, 1998 and for the purposes of calculating public school funding under
24 AS 14.19, enacted by sec. 2 of this Act, a school district that provides student transportation
25 shall have its adjusted ADM multiplied by a transportation factor as follows:

26	District	Transportation Factor
27	Alaska Gateway	1.07
28	Aleutian Region	1.00
29	Aleutians East	1.01
30	Anchorage	1.04
31	Annette Islands	1.00

1	Bering Strait	1.00
2	Bristol Bay	1.07
3	Chatham	1.00
4	Chugach	1.00
5	Copper River	1.09
6	Cordova	1.01
7	Craig	1.00
8	Delta/Greely	1.10
9	Denali	1.07
10	Dillingham	1.04
11	Fairbanks	1.05
12	Galena	1.02
13	Haines	1.04
14	Hoonah	1.01
15	Hydaburg	1.00
16	Iditarod	1.01
17	Juneau	1.04
18	Kake	1.01
19	Kashunamiut	1.00
20	Kenai Peninsula	1.05
21	Ketchikan	1.04
22	Klawock	1.00
23	Kodiak Island	1.03
24	Kuspuk	1.02
25	Lake and Peninsula	1.02
26	Lower Kuskokwim	1.01
27	Lower Yukon	1.00
28	Mat-Su	1.08
29	Nenana	1.05
30	Nome	1.03
31	North Slope	1.02

1	Northwest Arctic	1.00
2	Pelican	1.00
3	Petersburg	1.02
4	Pribilof	1.00
5	Sitka	1.04
6	Skagway	1.00
7	Southeast Island	1.03
8	Southwest Region	1.02
9	St. Mary's	1.00
10	Tanana	1.01
11	Unalaska	1.03
12	Valdez	1.04
13	Wrangell	1.03
14	Yakutat	1.03
15	Yukon Flats	1.01
16	Yukon/Koyukuk	1.01
17	Yupiit	1.00

18 * **Sec. 20.** TRANSITION: HOLD HARMLESS. (a) Notwithstanding the provisions of
19 secs. 1 - 19 of this Act and except as provided in (c) of this section, if, for a fiscal year
20 beginning July 1, 1997, through July 1, 2000, a school district would receive less public
21 school funding under AS 14.19.210, enacted by sec. 2 of this Act, than the district would have
22 received as state aid for the fiscal year beginning July 1, 1997, and if the district meets the
23 requirements of (b) of this section, the district is eligible to instead receive a percentage of
24 the state aid the district would have received for the fiscal year beginning July 1, 1997,
25 according to the following table:

26	for the fiscal year beginning	percentage of state aid for the fiscal year
27		beginning July 1, 1997
28	July 1, 1997	100
29	July 1, 1998	98
30	July 1, 1999	95
31	July 1, 2000	90

1 (b) A school district in a city or borough is not entitled to the hold harmless
2 percentage set out in (a) of this section for a fiscal year unless the city or borough makes a
3 local contribution to the district for that fiscal year as required under this subsection. For the
4 hold harmless for the fiscal year beginning July 1, 1997, the required local contribution is the
5 equivalent of a four mill tax levy; for the fiscal year beginning July 1, 1998, the required local
6 contribution is the equivalent of a five mill tax levy; for the fiscal year beginning
7 July 1, 1999, the required local contribution is the equivalent of a six mill tax levy; and for
8 the fiscal year beginning July 1, 2000, the required local contribution is the equivalent of a
9 seven mill tax levy.

10 (c) For the purposes of the reduction required under AS 14.19.200(b), enacted by sec.
11 2 of this Act, hold harmless funding authorized under (a) and (b) of this section is treated the
12 same as the state share of equalization funding under AS 14.19.210.

13 (d) For purposes of this section, "state aid" means state foundation aid distributed
14 under the former AS 14.17, additional district support appropriated by the legislature, and
15 student transportation support reimbursed by the Department of Education.

16 * **Sec. 21.** TRANSITION: REGULATIONS. To the extent the regulations are not
17 inconsistent with the language and purposes of this Act, regulations relating to state aid for
18 public schools adopted by the Department of Education before the effective date of this Act
19 remain in effect as valid regulations implementing this Act. The Department of Education
20 may administer and enforce those previously adopted regulations relating to state foundation
21 aid for public schools.

22 * **Sec. 22.** This Act takes effect July 1, 1997.