

(LIMITED RUN SHOWING ALL ADDITIONAL SPONSORSHIPS)

SENATE CS FOR CS FOR HOUSE BILL NO. 13(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/5/06
Referred: Rules

Sponsor(s): REPRESENTATIVES GATTO AND GRUENBERG, Thomas, Gara, Gardner, Lynn, Neuman, Kohring, Chenault, McGuire, Rokeberg, Seaton, LeDoux, Croft

SENATORS Hoffman, Davis, French, Ellis, Elton, Kookesh, Wagoner, Wilken, Green, Stedman, Bunde, Cowdery, Guess, Gary Stevens, Ben Stevens

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to reimbursement of municipal bonds for school construction;**
2 **increasing the base student allocation used in the formula for state financing of public**
3 **education; relating to the district cost factors for state funding of public education;**
4 **relating to school improvement funding; and providing for an effective date."**

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

6 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
7 to read:

8 INTENT. It is the intent of the legislature that the state establish the public school
9 performance incentive program described in sec. 2 of this Act to serve as an incentive for
10 public school personnel to create a learning environment in which the students at that school
11 demonstrate improved academic achievement more rapidly than would usually be expected,
12 or, if already at an advanced level of achievement, continue to perform at an advanced level.
13 It is intended that payments under the program described in sec. 2 of this Act be available to
14 all employees at such a school, including all teachers, administrators, and noncertificated
15 personnel such as paraprofessionals and other support staff, so that all personnel collaborate

1 to promote overall student achievement. A payment under the program described in sec. 2 of
 2 this Act is not intended to supplant or otherwise affect public school employee salaries or to
 3 have any effect on evaluation, promotion, discipline, or retirement of public school
 4 employees. The program described in sec. 2 of this Act is not intended to replace or affect any
 5 current state, local, or federal financing of public education or any necessary future increases
 6 in that state, local, or federal financing.

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

8 **Sec. 14.03.126. Public school performance incentive program.** (a) The
 9 department shall establish by regulation a program that provides, subject to
 10 appropriation, for an annual school performance incentive payment by the department
 11 to personnel employed at public schools at which students have demonstrated
 12 significant improvement in performance on statewide assessments, as determined by
 13 the department. The department shall set the amount of the school performance
 14 incentive payment, not to exceed \$5,500 for each certificated employee and \$2,500 for
 15 each noncertificated employee. Notwithstanding any other provision of law, a school
 16 performance incentive payment under this section may not be included in the
 17 calculation of benefits for purposes of AS 14.25 or AS 39.35.

18 (b) The department shall establish a procedure by regulation for a school
 19 performance incentive payment by the department to personnel employed at the
 20 central office of a school district in which at least one school has met the requirements
 21 for distribution of a school performance incentive payment to employees of the school.
 22 The amount paid under this subsection may not exceed five percent of the total paid to
 23 all employees at all schools eligible under this section for the school performance
 24 incentive payment in the district. A payment under this subsection

25 (1) may be made only to an employee who the department, in
 26 consultation with the chief school administrator of the district, determines has
 27 substantially contributed to the improvement in achievement at the schools in the
 28 district that meet the requirements for the school performance incentive payment; and

29 (2) may not exceed the highest school performance incentive payment
 30 paid to a certificated teacher in the district.

31 (c) A school district may not consider school performance incentive payments

1 when determining salaries for school personnel. Neither a school district nor the
 2 Professional Teaching Practices Commission may consider the receipt or nonreceipt of
 3 a school performance incentive payment by a school employee when evaluating,
 4 promoting, or disciplining the employee.

5 (d) Notwithstanding (a) of this section, the department may not distribute a
 6 school performance incentive payment to more than 850 certificated employees
 7 annually. The limitation of this subsection does not apply to payments made under (a)
 8 or (b) of this section to noncertificated employees or school district central office
 9 personnel. The department shall include the limitation of this subsection in regulations
 10 adopted under this section.

11 (e) In this section,

12 (1) "school district" means a borough school district, a city school
 13 district, a regional educational attendance area, or a state boarding school;

14 (2) "school performance incentive payment" means a payment under
 15 the program established under this section.

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

17 (a) During each fiscal year, the state shall allocate to a municipality that is a
 18 school district the following sums:

19 (1) payments made by the municipality during the fiscal year two years
 20 earlier for the retirement of principal and interest on outstanding bonds, notes, or other
 21 indebtedness incurred before July 1, 1977, to pay costs of school construction;

22 (2) 90 percent of

23 (A) payments made by the municipality during the fiscal year
 24 two years earlier for the retirement of principal and interest on outstanding
 25 bonds, notes, or other indebtedness incurred after June 30, 1977, and before
 26 July 1, 1978, to pay costs of school construction;

27 (B) cash payments made after June 30, 1976, and before July 1,
 28 1978, by the municipality during the fiscal year two years earlier to pay costs
 29 of school construction;

30 (3) 90 percent of

31 (A) payments made by the municipality during the fiscal year

1 two years earlier for the retirement of principal and interest on outstanding
2 bonds, notes, or other indebtedness incurred after June 30, 1978, and before
3 January 1, 1982, to pay costs of school construction projects approved under
4 AS 14.07.020(a)(11);

5 (B) cash payments made after June 30, 1978, and before July 1,
6 1982, by the municipality during the fiscal year two years earlier to pay costs
7 of school construction projects approved under AS 14.07.020(a)(11);

8 (4) subject to (h) and (i) of this section, up to 90 percent of

9 (A) payments made by the municipality during the current
10 fiscal year for the retirement of principal and interest on outstanding bonds,
11 notes, or other indebtedness incurred after December 31, 1981, and authorized
12 by the qualified voters of the municipality before July 1, 1983, to pay costs of
13 school construction, additions to schools, and major rehabilitation projects that
14 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

15 (B) cash payments made after June 30, 1982, and before July 1,
16 1983, by the municipality during the fiscal year two years earlier to pay costs
17 of school construction, additions to schools, and major rehabilitation projects
18 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

19 (C) payments made by the municipality during the current
20 fiscal year for the retirement of principal and interest on outstanding bonds,
21 notes, or other indebtedness to pay costs of school construction, additions to
22 schools, and major rehabilitation projects that exceed \$25,000 and are
23 submitted to the department for approval under AS 14.07.020(a)(11) before
24 July 1, 1983, and approved by the qualified voters of the municipality before
25 October 15, 1983, not to exceed a total project cost of (i) \$6,600,000 if the
26 annual growth rate of average daily membership of the municipality is more
27 than seven percent but less than 12 percent, or (ii) \$20,000,000 if the annual
28 growth rate of average daily membership of the municipality is 12 percent or
29 more; payments made by a municipality under this subparagraph on total
30 project costs that exceed the amounts set out in (i) and (ii) of this subparagraph
31 are subject to (5)(A) of this subsection;

1 (5) subject to (h) - (j) of this section, 80 percent of

2 (A) payments made by the municipality during the fiscal year
3 for the retirement of principal and interest on outstanding bonds, notes, or
4 other indebtedness authorized by the qualified voters of the municipality

5 (i) after June 30, 1983, but before March 31, 1990, to
6 pay costs of school construction, additions to schools, and major
7 rehabilitation projects that exceed \$25,000 and are approved under
8 AS 14.07.020(a)(11); or

9 (ii) before July 1, 1989, and reauthorized before
10 November 1, 1989, to pay costs of school construction, additions to
11 schools, and major rehabilitation projects that exceed \$25,000 and are
12 approved under AS 14.07.020(a)(11); and

13 (B) cash payments made after June 30, 1983, by the
14 municipality during the fiscal year two years earlier to pay costs of school
15 construction, additions to schools, and major rehabilitation projects that exceed
16 \$25,000 and are approved by the department before July 1, 1990, under
17 AS 14.07.020(a)(11);

18 (6) subject to (h) - (j) and (m) of this section, 70 percent of payments
19 made by the municipality during the fiscal year for the retirement of principal and
20 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
21 voters of the municipality on or after April 30, 1993, but before July 1, 1996, to pay
22 costs of school construction, additions to schools, and major rehabilitation projects
23 that exceed \$200,000 and are approved under AS 14.07.020(a)(11);

24 (7) subject to (h) - (j) and (m) of this section, 70 percent of payments
25 made by the municipality during the fiscal year for the retirement of principal and
26 interest on outstanding bonds, notes, or other indebtedness authorized by the qualified
27 voters of the municipality after March 31, 1990, but before April 30, 1993, to pay
28 costs of school construction, additions to schools, and major rehabilitation projects;

29 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
30 projects funded by the bonds, notes, or other indebtedness have been approved by the
31 commissioner, 70 percent of payments made by the municipality during the fiscal year

1 for the retirement of principal and interest on outstanding bonds, notes, or other
2 indebtedness authorized by the qualified voters of the municipality on or after July 1,
3 1995, but before July 1, 1998, to pay costs of school construction, additions to
4 schools, and major rehabilitation projects that exceed \$200,000 and are approved
5 under AS 14.07.020(a)(11);

6 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
7 projects funded by the bonds, notes, or other indebtedness have been approved by the
8 commissioner, 70 percent of payments made by the municipality during the fiscal year
9 for the retirement of principal and interest on outstanding bonds, notes, or other
10 indebtedness authorized by the qualified voters of the municipality on or after July 1,
11 1998, but before July 1, 2006, to pay costs of school construction, additions to
12 schools, and major rehabilitation projects that exceed \$200,000 and are approved
13 under AS 14.07.020(a)(11);

14 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after
15 projects funded by the bonds, notes, or other indebtedness have been approved by the
16 commissioner, 70 percent of payments made by the municipality during the fiscal year
17 for the retirement of principal and interest on outstanding bonds, notes, or other
18 indebtedness authorized by the qualified voters of the municipality on or after June 30,
19 1998, to pay costs of school construction, additions to schools, and major
20 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
21 and are not reimbursed under (n) of this section;

22 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
23 funded by the bonds, notes, or other indebtedness have been approved by the
24 commissioner, 70 percent of payments made by a municipality during the fiscal year
25 for the retirement of principal and interest on outstanding bonds, notes, or other
26 indebtedness authorized by the qualified voters of the municipality on or after June 30,
27 1999, but before January 1, 2005, to pay costs of school construction, additions to
28 schools, and major rehabilitation projects and education-related facilities that exceed
29 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)
30 or (o) of this section;

31 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent

1 of payments made by a municipality during the fiscal year for the retirement of
2 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
3 the qualified voters of the municipality on or after June 30, 1999, but before January 1,
4 2005, to pay costs of school construction, additions to schools, and major
5 rehabilitation projects and education-related facilities that exceed \$200,000, are
6 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
7 section;

8 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after
9 projects funded by the tax exempt bonds, notes, or other indebtedness have been
10 approved by the commissioner, 70 percent of payments made by a municipality during
11 the fiscal year for the retirement of principal and interest on outstanding tax exempt
12 bonds, notes, or other indebtedness authorized by the qualified voters of the
13 municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of
14 school construction, additions to schools, and major rehabilitation projects and
15 education-related facilities that exceed \$200,000, are approved under
16 AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

17 (14) subject to (h), (i), (j)(2), (3), and (5), and (p) of this section, 60
18 percent of payments made by a municipality during the fiscal year for the retirement
19 of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness
20 authorized by the qualified voters of the municipality on or after June 30, 1999, but
21 before October 31, 2006, to pay costs of school construction, additions to schools, and
22 major rehabilitation projects and education-related facilities that exceed \$200,000, are
23 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
24 section;

25 (15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after
26 projects funded by the bonds, notes, or other indebtedness have been approved by the
27 commissioner, 90 percent of payments made by a municipality during the fiscal year
28 for the retirement of principal and interest on outstanding bonds, notes, or other
29 indebtedness authorized by the qualified voters of the municipality on or after June 30,
30 1999, but before October 31, 2006, to pay costs of school construction, additions to
31 schools, and major rehabilitation projects and education-related facilities that exceed

1 \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating
 2 share requirement for a municipal school district under AS 14.11.008(b), and are not
 3 reimbursed under (n) or (o) of this section;

4 (16) subject to (h), (i), and (j)(2) - (5) of this section, and after
 5 projects funded by the tax exempt bonds, notes, or other indebtedness have been
 6 approved by the commissioner, 70 percent of payments made by a municipality
 7 during the fiscal year for the retirement of principal and interest on outstanding
 8 tax exempt bonds, notes, or other indebtedness authorized by the qualified voters
 9 of the municipality on or after October 1, 2006, but before November 30, 2008, to
 10 pay costs of school construction, additions to schools, and major rehabilitation
 11 projects and education-related facilities that exceed \$200,000, are approved
 12 under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

13 (17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60
 14 percent of payments made by a municipality during the fiscal year for the
 15 retirement of principal and interest on outstanding tax exempt bonds, notes, or
 16 other indebtedness authorized by the qualified voters of the municipality on or
 17 after October 1, 2006, but before November 30, 2008, to pay costs of school
 18 construction, additions to schools, and major rehabilitation projects and
 19 education-related facilities that exceed \$200,000, are reviewed under
 20 AS 14.07.020(a)(11), and are not reimbursed under (o) of this section.

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

22 (j) Except as provided in (l) of this section, the state may not allocate money
 23 to a municipality for a school construction project under (a)(5), (6), or (7) of this
 24 section unless the municipality complies with the requirements of (1) - (5) of this
 25 subsection, the project is approved by the commissioner before the local vote on the
 26 bond issue for the project or for bonds authorized after March 31, 1990, but on or
 27 before April 30, 1993, the bonds are approved by the commissioner before
 28 reimbursement by the state, and the local vote occurs before July 1, 1987, or after
 29 June 30, 1988. In approving a project under this subsection, and to the extent required
 30 under (a)(8) - (17) [(a)(8) - (15)] of this section, the commissioner shall require

31 (1) the municipality to include on the ballot for the bond issue, for

1 bonds authorized on or before March 31, 1990, or after April 30, 1993, the estimated
 2 total cost of each project including estimated total interest, estimated annual operation
 3 and maintenance costs, the estimated amounts that will be paid by the state and by the
 4 municipality, and the approximate amount that would be due in annual taxes on
 5 \$100,000 in assessed value to retire the debt;

6 (2) that the bonds may not be refunded unless the annual debt service
 7 on the refunding issue is not greater than the annual debt service on the original issue;

8 (3) that the bonds must be repaid in approximately equal annual
 9 principal payments or approximately equal debt service payments over a period of at
 10 least 10 years;

11 (4) the municipality to demonstrate need for the project by establishing
 12 that the school district has

13 (A) projected long-term student enrollment that indicates the
 14 district has inadequate facilities to meet present or projected enrollment;

15 (B) facilities that require repair or replacement in order to meet
 16 health and safety laws or regulations or building codes;

17 (C) demonstrated that the project will result in a reduction in
 18 annual operating costs that economically justifies the cost of the project; or

19 (D) facilities that require modification or rehabilitation for the
 20 purpose of improving the instructional program;

21 (5) evidence acceptable to the department that the district

22 (A) has a preventive maintenance plan that

23 (i) includes a computerized maintenance management
 24 program, cardex system, or other formal systematic means of tracking
 25 the timing and costs associated with planned and completed
 26 maintenance activities, including scheduled preventive maintenance;

27 (ii) addresses energy management for buildings owned
 28 or operated by the district;

29 (iii) includes a regular custodial care program for
 30 buildings owned or operated by the district;

31 (iv) includes preventive maintenance training for

1 facility managers and maintenance employees; and

2 (v) includes renewal and replacement schedules for
3 electrical, mechanical, structural, and other components of facilities
4 owned or operated by the district; and

5 (B) is adequately following the preventive maintenance plan.

6 * **Sec. 5.** AS 14.17.460(a) is amended to read:

7 (a) For purposes of calculating a district's adjusted ADM under
8 AS 14.17.410(b)(1), the district cost factor for a school district is as follows:

9 DISTRICT	DISTRICT COST FACTOR
10 Alaska Gateway	<u>1.367</u> [1.291]
11 Aleutians East	<u>1.565</u> [1.423]
12 Aleutians Region	<u>1.787</u> [1.736]
13 ALYESKA CENTRAL SCHOOL	1.000]
14 Anchorage	1.000
15 Annette Island	<u>1.093</u> [1.011]
16 Bering Strait	<u>1.643</u> [1.525]
17 Bristol Bay	<u>1.316</u> [1.262]
18 Chatham	<u>1.234</u> [1.120]
19 Chugach	<u>1.345</u> [1.294]
20 Copper River	<u>1.211</u> [1.176]
21 Cordova	<u>1.131</u> [1.096]
22 Craig	<u>1.059</u> [1.010]
23 Delta/Greely	<u>1.140</u> [1.106]
24 Denali	<u>1.318</u> [1.313]
25 Dillingham	<u>1.277</u> [1.254]
26 Fairbanks	<u>1.047</u> [1.039]
27 Galena	<u>1.359</u> [1.348]
28 Haines	<u>1.056</u> [1.008]
29 Hoonah	<u>1.141</u> [1.055]
30 Hydaburg	<u>1.190</u> [1.085]
31 Iditarod	<u>1.564</u> [1.470]

1	Juneau	<u>1.040</u> [1.005]
2	Kake	<u>1.134</u> [1.025]
3	Kashunamiut	<u>1.447</u> [1.389]
4	Kenai Peninsula	<u>1.046</u> [1.004]
5	Ketchikan	<u>1.043</u> [1.000]
6	Klawock	<u>1.088</u> [1.017]
7	Kodiak Island	<u>1.142</u> [1.093]
8	Kuspuk	<u>1.509</u> [1.434]
9	Lake and Peninsula	<u>1.667</u> [1.558]
10	Lower Kuskokwim	<u>1.534</u> [1.491]
11	Lower Yukon	<u>1.544</u> [1.438]
12	Matanuska-Susitna	<u>1.025</u> [1.010]
13	Mt. Edgecumbe	<u>1.049</u> [1.000]
14	Nenana	<u>1.287</u> [1.270]
15	Nome	<u>1.352</u> [1.319]
16	North Slope	<u>1.576</u> [1.504]
17	Northwest Arctic	<u>1.618</u> [1.549]
18	Pelican	<u>1.337</u> [1.290]
19	Petersburg	<u>1.061</u> [1.000]
20	Pribilof	<u>1.487</u> [1.419]
21	Sitka	<u>1.049</u> [1.000]
22	Skagway	<u>1.151</u> [1.143]
23	Southeast Island	<u>1.194</u> [1.124]
24	Southwest Region	<u>1.489</u> [1.423]
25	St. Mary's	<u>1.419</u> [1.351]
26	Tanana	<u>1.569</u> [1.496]
27	Unalaska	<u>1.294</u> [1.245]
28	Valdez	<u>1.114</u> [1.095]
29	Wrangell	<u>1.040</u> [1.000]
30	Yakutat	<u>1.138</u> [1.046]
31	Yukon Flats	<u>1.780</u> [1.668]

1	Yukon/Koyukuk	<u>1.585</u> [1.502]
2	Yupiit	<u>1.533</u> [1.469].

3 * **Sec. 6.** AS 14.17.460(a) is amended to read:

4 (a) For purposes of calculating a district's adjusted ADM under
5 AS 14.17.410(b)(1), the district cost factor for a school district is as follows:

6	DISTRICT	DISTRICT COST FACTOR
7	Alaska Gateway	<u>1.291</u> [1.367]
8	Aleutians East	<u>1.423</u> [1.565]
9	Aleutians Region	<u>1.736</u> [1.787]
10	ALYESKA CENTRAL SCHOOL	1.000]
11	Anchorage	1.000
12	Annette Island	<u>1.011</u> [1.093]
13	Bering Strait	<u>1.525</u> [1.643]
14	Bristol Bay	<u>1.262</u> [1.316]
15	Chatham	<u>1.120</u> [1.234]
16	Chugach	<u>1.294</u> [1.345]
17	Copper River	<u>1.176</u> [1.211]
18	Cordova	<u>1.096</u> [1.131]
19	Craig	<u>1.010</u> [1.059]
20	Delta/Greely	<u>1.106</u> [1.140]
21	Denali	<u>1.313</u> [1.318]
22	Dillingham	<u>1.254</u> [1.277]
23	Fairbanks	<u>1.039</u> [1.047]
24	Galena	<u>1.348</u> [1.359]
25	Haines	<u>1.008</u> [1.056]
26	Hoonah	<u>1.055</u> [1.141]
27	Hydaburg	<u>1.085</u> [1.190]
28	Iditarod	<u>1.470</u> [1.564]
29	Juneau	<u>1.005</u> [1.040]
30	Kake	<u>1.025</u> [1.134]
31	Kashunamiut	<u>1.389</u> [1.447]

1	Kenai Peninsula	<u>1.004</u> [1.046]
2	Ketchikan	<u>1.000</u> [1.043]
3	Klawock	<u>1.017</u> [1.088]
4	Kodiak Island	<u>1.093</u> [1.142]
5	Kuspuk	<u>1.434</u> [1.509]
6	Lake and Peninsula	<u>1.558</u> [1.667]
7	Lower Kuskokwim	<u>1.491</u> [1.534]
8	Lower Yukon	<u>1.438</u> [1.544]
9	Matanuska-Susitna	<u>1.010</u> [1.025]
10	Mt. Edgecumbe	<u>1.000</u> [1.049]
11	Nenana	<u>1.270</u> [1.287]
12	Nome	<u>1.319</u> [1.352]
13	North Slope	<u>1.504</u> [1.576]
14	Northwest Arctic	<u>1.549</u> [1.618]
15	Pelican	<u>1.290</u> [1.337]
16	Petersburg	<u>1.000</u> [1.061]
17	Pribilof	<u>1.419</u> [1.487]
18	Sitka	<u>1.000</u> [1.049]
19	Skagway	<u>1.143</u> [1.151]
20	Southeast Island	<u>1.124</u> [1.194]
21	Southwest Region	<u>1.423</u> [1.489]
22	St. Mary's	<u>1.351</u> [1.419]
23	Tanana	<u>1.496</u> [1.569]
24	Unalaska	<u>1.245</u> [1.294]
25	Valdez	<u>1.095</u> [1.114]
26	Wrangell	<u>1.000</u> [1.040]
27	Yakutat	<u>1.046</u> [1.138]
28	Yukon Flats	<u>1.668</u> [1.780]
29	Yukon/Koyukuk	<u>1.502</u> [1.585]
30	Yupiit	<u>1.469</u> [1.533]

31 * **Sec. 7.** AS 14.17.470 is amended to read:

1 **Sec. 14.17.470. Base student allocation.** The base student allocation is **\$5,380**
2 [\$4,919].

3 * **Sec. 8.** AS 14.03.126, as added by sec. 2 of this Act, is repealed June 30, 2009.

4 * **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to
5 read:

6 REPORT AND RECOMMENDATIONS. Before December 31, 2008, the Legislative
7 Budget and Audit Committee shall review the school performance incentive program
8 established under AS 14.03.126, as enacted in sec. 2 of this Act, and submit a report to the
9 legislature that includes recommendations for legislation pertaining to the program.

10 * **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 SCHOOL IMPROVEMENT GRANT. (a) In fiscal year 2007, as a component of
13 public school funding under AS 14.17, a district is eligible to receive a school improvement
14 grant in the amount of the district's ADM for fiscal year 2007 multiplied by \$81.

15 (b) For purposes of the reduction required under AS 14.17.400(b), funding authorized
16 under (a) of this section is treated the same as the state share of public school funding under
17 AS 47.17.410.

18 (c) In this section, "ADM" and "district," have the meanings given in AS 14.17.990.

19 * **Sec. 11.** AS 14.17.460(a), as amended by sec. 6 of this Act, takes effect July 1, 2007.

20 * **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2006.