

SENATE CS FOR CS FOR HOUSE BILL NO. 278(FIN) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 4/20/14

Offered: 4/19/14

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the exemption from jury service for certain teachers; relating to the**
2 **powers of the Department of Education and Early Development; relating to high school**
3 **course credit earned through assessment; relating to school performance reports;**
4 **relating to assessments and accountability standards; providing for funding for Internet**
5 **services; relating to the secondary school competency examination and related**
6 **requirements; relating to charter schools and student transportation; establishing a**
7 **grant program to be administered by the Association of Alaska School Boards for the**
8 **purchase of student equipment and technology services; establishing a public school**
9 **grant program for innovative approaches to learning; relating to correspondence study**
10 **programs, funding, and student allotments; relating to residential school applications;**
11 **increasing the stipend for boarding school students; relating to school construction bond**
12 **debt reimbursement; relating to the local contribution to public school funding; relating**

to funding of and reporting by Alaska technical and vocational education programs; relating to earning high school credit for completion of vocational education courses offered by institutions receiving technical and vocational education program funding; relating to schools operated by a federal agency; relating to education tax credits; establishing an optional municipal tax exemption for privately owned real property rented or leased for use as a charter school; requiring the Legislative Budget and Audit Committee to provide for studies on the school size factor and the school district cost factor for public education funding and for a study on school staff salary and benefits; requiring the Department of Education and Early Development to report to the legislature on school design and construction; establishing a pilot project for public middle schools; and providing for an effective date."

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

*** Section 1.** AS 09.20.030(b) is amended to read:

(b) A person may claim exemption and shall be excused by the court from service as a juror during the school term if it is shown that the person is a teacher in a school that is designated as a low performing school under regulations adopted by the state Board of Education and Early Development [FAILING TO MAKE ADEQUATE YEARLY PROGRESS UNDER P.L. 107-110]. In this subsection, "teacher" means a person who serves a school district in a teaching capacity in a classroom setting and is required to be certificated in order to hold the position.

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

Sec. 14.03.073. Course credit earned through mastery of course content.

(a) A school district shall provide a high school student with the opportunity to earn credit for a course offered in the school in mathematics, language arts, science, social studies, and world languages, if the student proves mastery of the course content through a district-approved assessment. Course credit earned under this subsection must meet district and statewide requirements for graduation and course credit

requirements of the Alaska performance scholarship program under AS 14.43.810 - 14.43.849.

(b) The board shall adopt regulations implementing this section.

* **Sec. 3.** AS 14.03.075 is repealed and reenacted to read:

Sec. 14.03.075. College and career readiness assessment. (a) A school may not issue a secondary school diploma to a student unless the student takes a college and career readiness assessment or receives a waiver from the governing body.

(b) A school shall award a certificate of achievement to a student who fails to qualify for a diploma under (a) of this section by the end of the student's final semester of attendance but who has met all other graduation requirements of the governing body and the state.

(c) The department shall provide funding for the fee for a single administration of a college and career readiness assessment for each secondary student within two years of the student's expected graduation.

(d) In this section, "college and career readiness assessment" means the SAT, ACT, or WorkKeys assessment.

* **Sec. 4.** AS 14.03.078 is amended to read:

Sec. 14.03.078. Report. The department shall provide to the legislature by February 15 of each year **by electronic means** an annual report regarding the progress of each school and school district toward high academic performance by all students. The report required under this section must include

(1) information described under AS 14.03.120(d);

(2) [THE NUMBER AND PERCENTAGE OF STUDENTS IN EACH SCHOOL WHO PASS THE EXAMINATION REQUIRED UNDER AS 14.03.075, AND THE NUMBER WHO PASS EACH SECTION OF THE EXAMINATION;

(3)] progress of the department

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

(B) in assisting high schools to become accredited;

(3) [(4)] a description of the resources provided to each school and

1 school district for coordinated school improvement activities and staff training in each
2 school and school district;

3 (4) [(5)] each school district's and each school's progress in aligning
4 curriculum with state education performance standards;

5 (5) [(6)] a description of the efforts by the department to assist a public
6 school or district that receives a low performance designation under AS 14.03.123
7 [OF DEFICIENT OR IN CRISIS];

8 (6) [(7)] a description of intervention efforts by each school district
9 and school for students who are not meeting state performance standards; and

10 (7) [(8)] the number and percentage of turnover in certificated
11 personnel and superintendents [;

12 (9) THE NUMBER OF TEACHERS BY DISTRICT AND BY
13 SCHOOL WHO ARE TEACHING OUTSIDE THE TEACHER'S AREA OF
14 ENDORSEMENT BUT IN AREAS TESTED BY THE HIGH SCHOOL
15 COMPETENCY EXAMINATION].

16 * **Sec. 5.** AS 14.03.120(d) is amended to read:

17 (d) Annually, before the date set by the district under (e) of this section, each
18 public school shall deliver to the department for posting on the department's Internet
19 website and provide, in a public meeting of parents, students, and community
20 members, a report on the school's performance and the performance of the school's
21 students. The report shall be prepared on a form prescribed by the department and
22 must include

23 (1) information on accreditation;

24 (2) results of norm-referenced achievement tests;

25 (3) results of state standards-based assessments in language arts
26 [READING, WRITING,] and mathematics;

27 (4) a description, including quantitative and qualitative measures, of
28 student, parent, community, and business involvement in student learning;

29 (5) a description of the school's attendance, retention, dropout, and
30 graduation rates [, INCLUDING THE NUMBER AND PERCENTAGE OF
31 STUDENTS WHO RECEIVED A DIPLOMA UNDER A WAIVER FROM THE

1 COMPETENCY EXAMINATION REQUIRED UNDER AS 14.03.075(a),] as
2 specified by the state board;

3 (6) the annual percent of enrollment change, regardless of reason, and
4 the annual percent of enrollment change due to student transfers into and out of the
5 school district;

6 (7) if Native language education is provided, a summary and
7 evaluation of the curriculum described in AS 14.30.420;

8 (8) [THE NUMBER AND PERCENTAGE OF STUDENTS IN
9 EACH SCHOOL WHO TAKE AND WHO SUCCESSFULLY COMPLETE AN
10 ALTERNATIVE ASSESSMENT PROGRAM IN READING, ENGLISH, OR
11 MATHEMATICS; AND THE NUMBER AND PERCENTAGE OF PUPILS IN
12 EACH SCHOOL WHO SUCCESSFULLY COMPLETE THE ALTERNATIVE
13 ASSESSMENT PROGRAM BUT WHO DO NOT REACH THE STATE
14 PERFORMANCE STANDARDS AT THE COMPETENCY EXAM LEVEL IN
15 READING, ENGLISH, OR MATHEMATICS; A SCHOOL MAY NOT REPORT
16 RESULTS UNDER THIS PARAGRAPH UNLESS THE SCHOOL COMPLIES
17 WITH THE FAMILY EDUCATIONAL RIGHTS AND PRIVACY
18 REQUIREMENTS OF 34 C.F.R. 99;

19 (9)] the performance designation assigned the school under
20 AS 14.03.123 and the methodology used to assign the performance designation,
21 including the measures used and their relative weights; [AND]

22 (9) [(10)] other information concerning school performance and the
23 performance of the school's students as required by the state board in regulation; and

24 (10) information on the number, attendance, and performance of
25 students enrolled in the school whose parents or guardians are on active duty in
26 the armed forces of the United States, the United States Coast Guard, the Alaska
27 National Guard, the Alaska Naval Militia, or the Alaska State Defense Force.

28 * Sec. 6. AS 14.03.123(f) is amended to read:

29 (f) In the accountability system for schools and districts required by this
30 section, the department shall

31 (1) implement 20 U.S.C. 6301 - 7941 (Elementary and Secondary

1 Education Act of 1965), as amended;

2 (2) implement state criteria and priorities for accountability including
3 the use of

4 (A) measures of student performance on standards-based
5 assessments in language arts [READING, WRITING,] and mathematics [,
6 AND INCLUDING COMPETENCY TESTS REQUIRED UNDER
7 AS 14.03.075];

8 (B) measures of student improvement; and

9 (C) other measures identified that are indicators of student
10 success and achievement; and

11 (3) to the extent practicable, minimize the administrative burden on
12 districts.

13 * **Sec. 7.** AS 14.03 is amended by adding new sections to read:

14 **Sec. 14.03.126. Funding for Internet services.** (a) Each fiscal year, a district
15 in which one or more schools qualify for a discounted rate for Internet services under
16 the federal universal services program is eligible to receive an amount for each school
17 that is equal to the amount needed to bring the applicant's share to 10 megabits of
18 download a second of the Internet services.

19 (b) If insufficient funding is appropriated to provide funding authorized under
20 this section, the state share shall be distributed pro rata to eligible school districts.

21 (c) In this section,

22 (1) "applicant's share" means the difference between the cost of
23 Internet services that are eligible for the discount under the federal universal services
24 program and the discount received for those services under the federal universal
25 services program;

26 (2) "federal universal services program" means the program
27 established in 47 U.S.C. 254 and regulations implementing that section.

28 **Sec. 14.03.127. Personalized learning opportunity grant program.** (a) The
29 personalized learning opportunity grant program is established in the department for
30 the purpose of providing technological equipment, technical support, and training in
31 the use of one electronic device for each student. The program shall be administered

1 consistent with state law by the Association of Alaska School Boards recognized
2 under AS 14.14.150 through a direct grant from the department using funds
3 appropriated from the state general fund. As a condition of the grant, the Association
4 of Alaska School Boards shall submit to the legislature an annual report of its
5 activities under the grant. The department may deny subsequent grants on the basis of
6 the report if the commissioner finds that the Association of Alaska School Boards has
7 not served the purpose of the grant program.

8 (b) A school district may apply for a subgrant under this section by

9 (1) agreeing to grant conditions established by the Association of
10 Alaska School Boards consistent with the purpose of the program;

11 (2) submitting an application on an approved form to the Association
12 of Alaska School Boards; the application must include

13 (A) A description of the grant project;

14 (B) proof of district readiness to fulfill the grant project;

15 (C) project goals;

16 (3) providing written assurances that the district will implement the
17 grant project in a manner that is consistent with the district's grant application and
18 conditions;

19 (4) agreeing to use competitive procedures to procure technological
20 equipment, support, and training purchased with funds from the grant program
21 including, whenever possible, using prices solicited by the Association of Alaska
22 School Boards under (c) of this section;

23 (5) agreeing to provide a final grant report that compares student
24 performance data before and after the grant period; and

25 (6) providing a matching amount equivalent to 20 percent of the total
26 amount of the grant project costs; the match may be met using 10 percent or less from
27 the value of in-kind services.

28 (c) Before making a subgrant to a school district under (b) of this section, the
29 Association of Alaska School Boards shall use competitive procedures to solicit prices
30 from vendors, including, where possible, seeking bulk purchase discounts, for the
31 technological equipment, support, and training to be purchased with funds from the

1 grant program. The procurement procedures required under this subsection shall
 2 provide vendors reasonable and equitable opportunities to participate in the
 3 procurement process.

4 (d) The department shall require the Association of Alaska School Boards to
 5 use a percentage of the total grant distributed under this section to evaluate the
 6 effectiveness of a subgrant made under this section. The Association of Alaska School
 7 Boards shall employ an independent education evaluation organization to evaluate the
 8 effectiveness of the grant program under this section. The Association of Alaska
 9 School Boards shall include the evaluation of the effectiveness of the grant program
 10 under this section in the annual report to the legislature under (a) of this section. An
 11 evaluation of effectiveness under this section shall include a summary of changes
 12 resulting from the grant program in

- 13 (1) educator practices;
- 14 (2) student outcomes, including academic performance; and
- 15 (3) efficiency of school operations.

16 **Sec. 14.03.128. Innovative approach to learning grant.** (a) The department
 17 shall establish a grant program to make grants for the purpose of encouraging
 18 innovative approaches to learning by school districts.

19 (b) A school district may apply to the department for a grant under this section
 20 by submitting an application on a form approved by the department in an amount and
 21 for a period established by the department. The department shall give priority to grant
 22 awards for

- 23 (1) a district-operated boarding school operated on a regional basis as
 24 described in AS 14.16.200;
- 25 (2) a public correspondence program;
- 26 (3) a public charter school;
- 27 (4) a vocational education program in a public school;
- 28 (5) a pre-elementary demonstration project;
- 29 (6) other public programs.

30 (c) A grant awarded under this section may be used for planning or
 31 implementation of an innovative approach to learning. The department may not award

1 a grant for implementation of a project unless the applicant can demonstrate, to the
 2 satisfaction of the department, that the project has been planned and shown to be
 3 feasible.

4 (d) A district that has been awarded a grant for implementation of a project
 5 under this section shall provide to the department a description of a method for
 6 replicating successful results of the grant project.

7 (e) The department shall submit an annual report to the legislature that
 8 describes the

9 (1) number and time period of grants awarded;

10 (2) purpose of each grant project;

11 (3) results obtained from each grant project; and

12 (4) methods available to replicate successful results under the project
 13 that demonstrate an innovative approach to learning.

14 * **Sec. 8.** AS 14.03.250 is repealed and reenacted to read:

15 **Sec. 14.03.250. Application for charter school.** (a) A local school board shall
 16 prescribe an application procedure for the establishment of a charter school in that
 17 school district. The application procedure must include provisions for an academic
 18 policy committee consisting of parents of students attending the school, teachers, and
 19 school employees and a proposed form for a contract between a charter school and the
 20 local school board, setting out the contract elements required under AS 14.03.255(c).

21 (b) A decision of a local school board approving or denying an application for
 22 a charter school must be in writing, must be issued within 60 days after the
 23 application, and must include all relevant findings of fact and conclusions of law.

24 (c) If a local school board approves an application for a charter school, the
 25 local school board shall forward the application to the state Board of Education and
 26 Early Development for review and approval.

27 (d) If a local school board denies an application for a charter school, the
 28 applicant may appeal the denial to the commissioner. The appeal to the commissioner
 29 shall be filed not later than 60 days after the local school board issues its written
 30 decision of denial. The commissioner shall review the local school board's decision to
 31 determine whether the findings of fact are supported by substantial evidence and

whether the decision is contrary to law. A decision of the commissioner upholding the denial by the local school board may be appealed within 30 days to the state Board of Education and Early Development.

(e) If the commissioner approves a charter school application, the commissioner shall forward the application to the state Board of Education and Early Development for review and approval. The application shall be forwarded not later than 30 days after the commissioner issues a written decision. The state Board of Education and Early Development shall exercise independent judgment in evaluating the application.

(f) A local school board that denied an application for a charter school approved by the state board on appeal shall operate the charter school as provided in AS 14.03.255 - 14.03.290.

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

Sec. 14.03.253. Charter school application appeal. (a) In an appeal to the commissioner under AS 14.03.250, the commissioner shall review the record before the local school board. The commissioner may request written supplementation of the record from the applicant or the local school board. The commissioner may

(1) remand the appeal to the local school board for further review;

(2) approve the charter school application and forward the application to the state Board of Education and Early Development with or without added conditions; or

(3) uphold the decision denying the charter school application; if the commissioner upholds a local school board's decision to deny a charter school application and the applicant appeals to the State Board of Education and Early Development, the commissioner shall immediately forward the application and record to the state Board of Education and Early Development.

(b) In an appeal to the state Board of Education and Early Development of a denial of a charter school application under (a)(3) of this section, the state board shall determine, based on the record, whether the commissioner's findings are supported by substantial evidence and whether the decision is contrary to law. The state board shall issue a written decision within 90 days after an appeal.

1 * **Sec. 10.** AS 14.03.255(a) is amended to read:

2 (a) A charter school operates as a school in the local school district except that
3 the charter school (1) is exempt from the local school district's textbook, program,
4 curriculum, and scheduling requirements; (2) is exempt from AS 14.14.130(c); the
5 principal of the charter school shall be selected by the academic policy committee and
6 shall select, appoint, or otherwise supervise employees of the charter school; and (3)
7 operates under the charter school's annual program budget as set out in the contract
8 between the local school board and the charter school under (c) of this section. A local
9 school board may exempt a charter school from other local school district
10 requirements if the exemption is set out in the contract. A charter school is subject to
11 [SECONDARY SCHOOL COMPETENCY TESTING AS PROVIDED IN
12 AS 14.03.075 AND OTHER COMPETENCY] tests required by the department.

13 * **Sec. 11.** AS 14.03.255(d) is amended to read:

14 (d) A **school district shall offer to a charter school the right of first refusal**
15 **for a lease of space** [CHARTER SCHOOL MAY BE OPERATED] in an existing
16 school district facility or in a facility within the school district that is not currently
17 being used as a public school, if the chief school administrator determines the facility
18 meets requirements for health and safety applicable to public buildings or other public
19 schools in the district. **If the school district requires lease payments by a charter**
20 **school, the school district shall negotiate a lease agreement with the charter**
21 **school for an amount that does not exceed the true operational costs calculated**
22 **on a square foot basis for space leased under this subsection.**

23 * **Sec. 12.** AS 14.03.260(a) is amended to read:

24 (a) A local school board shall provide an approved charter school with an
25 annual program budget. The budget shall be not less than the amount generated by the
26 students enrolled in the charter school less administrative costs retained by the local
27 school district, determined by applying the indirect cost rate approved by the
28 **department up to four percent. Costs directly related to charter school facilities,**
29 **including rent, utilities, and maintenance, may not be included in an annual**
30 **program budget for the purposes of calculating the four percent cap on**
31 **administrative costs under this subsection. A local school board shall provide a**

charter school with a report itemizing the administrative costs retained by the local school board under this section [DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT]. The "amount generated by students enrolled in the charter school" is to be determined in the same manner as it would be for a student enrolled in another public school in that school district and includes funds generated by grants, appropriations, federal impact aid, the required local contribution, the local contribution under AS 14.17.410(c), special needs under AS 14.17.420(a)(1), and secondary school vocational and technical instruction under AS 14.17.420(a)(3). A school district shall direct state aid under AS 14.11 for the construction or major maintenance of a charter school facility to the charter school that generated the state aid, subject to the same terms and conditions that apply to state aid under AS 14.11 for construction or major maintenance of a school facility that is not a charter school.

* **Sec. 13.** AS 14.03 is amended by adding a new section to read:

Sec. 14.03.263. Charter school grant program. (a) A charter school that is established on or after the effective date of this section may receive a one-time grant from the department equal to the amount of \$500 for each student enrolled in the school on October 1 of the first year in which the school applies for the grant. The charter school shall use a grant received under this section to provide educational services. In this subsection, "educational services" includes curriculum development, program development, and special education services.

(b) The department shall establish by regulation procedures for the application for and expenditure of grant funds under (a) of this section.

(c) If the amount appropriated in a fiscal year for the charter school grant program is insufficient to meet the amounts authorized under (a) of this section, the department shall reduce pro rata the per pupil grant amount by the necessary percentage as determined by the department. If a charter school grant is reduced under this subsection, the charter school may apply to the department in a subsequent fiscal year for the balance of the grant amount.

* **Sec. 14.** AS 14.03 is amended by adding new sections to read:

Article 3. Correspondence Study Programs.

Sec. 14.03.300. Correspondence study programs; individual learning plans. (a) A district or the department that provides a correspondence study program shall annually provide an individual learning plan for each student enrolled in the program developed in collaboration with the student, the parent or guardian of the student, a certificated teacher assigned to the student, and other individuals involved in the student's learning plan. An individual learning plan must

(1) be developed with the assistance and approval of the certificated teacher assigned to the student by the district;

(2) provide for a course of study for the appropriate grade level consistent with state and district standards;

(3) provide for an ongoing assessment plan that includes statewide assessments required for public schools under AS 14.03.123(f);

(4) include a provision for modification of the individual learning plan if the student is below proficient on a standardized assessment in a core subject;

(5) provide for a signed agreement between the certificated teacher assigned to the student and at least one parent or the guardian of each student that verifies compliance with an individual learning plan;

(6) provide for monitoring of each student's work and progress by the certificated teacher assigned to the student.

(b) Notwithstanding another provision of law, the department may not impose additional requirements, other than the requirements specified under (a) of this section and under AS 14.03.320, on a student who is proficient or advanced on statewide assessments required under AS 14.03.123(f).

Sec. 14.03.320. Student allotments. (a) Except as provided in (e) of this section, the department or a district that provides a correspondence study program may provide an annual student allotment to a parent or guardian of a student enrolled in the correspondence study program for the purpose of meeting instructional expenses for the student enrolled in the program as provided in this section.

(b) A parent or guardian may purchase nonsectarian services and materials from a public, private, or religious organization with a student allotment provided under (a) of this section if

(1) the services and materials are required for the course of study in the individual learning plan developed for the student under AS 14.03.300;

(2) textbooks, services, and other curriculum materials and the course of study

(A) are approved by the school district;

(B) are appropriate for the student;

(C) are aligned to state standards; and

(D) comply with AS 14.03.090 and AS 14.18.060; and

(3) otherwise support a public purpose.

(c) Except as provided in (d) of this section, an annual student allotment provided under this section is reserved and excluded from the unreserved portion of a district's year-end fund balance in the school operating fund under AS 14.17.505.

(d) The department or a district that provides for an annual student allotment under (a) of this section shall

(1) account for the balance of an unexpended annual student allotment during the period in which a student continues to be enrolled in the correspondence program for which the annual allotment was provided;

(2) return the unexpended balance of a student allotment to the budget of the department or district for a student who is no longer enrolled in the correspondence program for which the allotment was provided;

(3) maintain a record of expenditures and allotments; and

(4) implement a routine monitoring of audits and expenditures.

(e) A student allotment provided under (a) of this section may not be used to pay for services provided to a student by a family member. In this subsection, "family member" means the student's spouse, guardian, parent, stepparent, sibling, stepsibling, grandparent, stepgrandparent, child, uncle, or aunt.

*** Sec. 15.** AS 14.07.020(a)(16) is amended to read:

(16) establish by regulation criteria, based on low student performance, under which the department may intervene in a school district to improve instructional practices, as described in AS 14.07.030(14) or (15); the regulations must include

(A) a notice provision that alerts the district to the deficiencies

and the instructional practice changes proposed by the department;

(B) an end date for departmental intervention, as described in AS 14.07.030(14)(A) and (B) and (15), after the district demonstrates three consecutive years of improvement consisting of not less than two percent increases in student proficiency on standards-based assessments in language arts and mathematics, [READING, AND WRITING] as provided in AS 14.03.123(f)(2)(A); and

(C) a process for districts to petition the department for continuing or discontinuing the department's intervention;

* **Sec. 16.** AS 14.07.020(b) is amended to read:

(b) In implementing its duties under (a)(2) of this section, the department shall develop

(1) performance standards in language arts [READING, WRITING,] and mathematics to be met at designated age levels by each student in public schools in the state; and

(2) a comprehensive system of student assessments, composed of multiple indicators of proficiency in language arts [READING, WRITING,] and mathematics; this comprehensive system must

(A) be made available to all districts and regional educational attendance areas;

(B) include a developmental profile for students entering kindergarten or first grade; and

(C) include performance standards in language arts [READING, WRITING,] and mathematics for students in age groups five through seven, eight through 10, and 11 - 14.

* **Sec. 17.** AS 14.07.165 is amended to read:

Sec. 14.07.165. Duties. The board shall adopt

(1) statewide goals and require each governing body to adopt written goals that are consistent with local needs;

(2) regulations regarding the application for and award of grants under AS 14.03.125;

(3) regulations implementing provisions of AS 14.11.014(b);

(4) regulations requiring approval by the board before a charter school, state boarding school, or a public school may provide domiciliary services;

(5) regulations implementing the college and career readiness assessment [SECONDARY SCHOOL STUDENT COMPETENCY EXAMINATION] provisions of AS 14.03.075, providing for the needs of a student who is a child with a disability, and setting standards for a waiver under AS 14.03.075; the regulations may address the conditions, criteria, procedure, and scheduling of the assessment [, INCLUDING THE CRITERIA AND PROCEDURE UNDER WHICH A GOVERNING BODY USES A WAIVER TO GRANT A DIPLOMA TO A STUDENT; CRITERIA REGARDING GRANTING A WAIVER MUST INCLUDE PROVISIONS THAT A WAIVER MAY ONLY BE GRANTED FOR STUDENTS WHO ENTER THE SYSTEM LATE OR HAVE RARE OR UNUSUAL CIRCUMSTANCES MERITING A WAIVER].

*** Sec. 18.** AS 14.07.165 is amended by adding a new subsection to read:

(b) In this section, "child with a disability" has the meaning given in AS 14.30.350.

*** Sec. 19.** AS 14.09.010 is amended by adding new subsections to read:

(e) A school district that provides transportation services under this section shall provide transportation services to students attending a charter school operated by the district under a policy adopted by the district. The policy must

(1) be developed with input solicited from individuals involved with the charter school, including staff, students, and parents;

(2) at a minimum, provide transportation services for students enrolled in the charter school on a space available basis along the regular routes that the students attending schools in an attendance area in the district are transported; and

(3) be approved by the department.

(f) If a school district fails to adopt a policy under (e) of this section, the school district shall allocate the amount received for each student under (a) of this section to each charter school operated by the district based on the number of students enrolled in the charter school.

(g) Nothing in (e) of this section requires a school district to establish dedicated transportation routes for the exclusive use of students enrolled in a charter school or authorizes a charter school to opt out of a policy adopted by a school district for the purpose of acquiring transportation funding.

*** Sec. 20.** AS 14.11.100(a) is amended to read:

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

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

(2) 90 percent of

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

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

(3) 90 percent of

(A) payments made by the municipality during the fiscal year two years earlier for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after June 30, 1978, and before January 1, 1982, to pay costs of school construction projects approved under AS 14.07.020(a)(11);

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

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

(A) payments made by the municipality during the current fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness incurred after December 31, 1981, and authorized

1 by the qualified voters of the municipality before July 1, 1983, to pay costs of
 2 school construction, additions to schools, and major rehabilitation projects that
 3 exceed \$25,000 and are approved under AS 14.07.020(a)(11);

4 (B) cash payments made after June 30, 1982, and before July 1,
 5 1983, by the municipality during the fiscal year two years earlier to pay costs
 6 of school construction, additions to schools, and major rehabilitation projects
 7 that exceed \$25,000 and are approved under AS 14.07.020(a)(11); and

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

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

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

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

29 (ii) before July 1, 1989, and reauthorized before
 30 November 1, 1989, to pay costs of school construction, additions to
 31 schools, and major rehabilitation projects that exceed \$25,000 and are

1 approved under AS 14.07.020(a)(11); and

2 (B) cash payments made after June 30, 1983, by the
3 municipality during the fiscal year two years earlier to pay costs of school
4 construction, additions to schools, and major rehabilitation projects that exceed
5 \$25,000 and are approved by the department before July 1, 1990, under
6 AS 14.07.020(a)(11);

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

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

18 (8) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
19 projects funded by the bonds, notes, or other indebtedness have been approved by the
20 commissioner, 70 percent of payments made by the municipality during the fiscal year
21 for the retirement of principal and interest on outstanding bonds, notes, or other
22 indebtedness authorized by the qualified voters of the municipality on or after July 1,
23 1995, but before July 1, 1998, to pay costs of school construction, additions to
24 schools, and major rehabilitation projects that exceed \$200,000 and are approved
25 under AS 14.07.020(a)(11);

26 (9) subject to (h), (i), (j)(2) - (5), and (n) of this section and after
27 projects funded by the bonds, notes, or other indebtedness have been approved by the
28 commissioner, 70 percent of payments made by the municipality during the fiscal year
29 for the retirement of principal and interest on outstanding bonds, notes, or other
30 indebtedness authorized by the qualified voters of the municipality on or after July 1,
31 1998, but before July 1, 2006, to pay costs of school construction, additions to

1 schools, and major rehabilitation projects that exceed \$200,000 and are approved
2 under AS 14.07.020(a)(11);

3 (10) subject to (h), (i), (j)(2) - (5), and (o) of this section, and after
4 projects funded by the bonds, notes, or other indebtedness have been approved by the
5 commissioner, 70 percent of payments made by the municipality during the fiscal year
6 for the retirement of principal and interest on outstanding bonds, notes, or other
7 indebtedness authorized by the qualified voters of the municipality on or after June 30,
8 1998, to pay costs of school construction, additions to schools, and major
9 rehabilitation projects that exceed \$200,000, are approved under AS 14.07.020(a)(11),
10 and are not reimbursed under (n) of this section;

11 (11) subject to (h), (i), and (j)(2) - (5) of this section, and after projects
12 funded by the bonds, notes, or other indebtedness have been approved by the
13 commissioner, 70 percent of payments made by a municipality during the fiscal year
14 for the retirement of principal and interest on outstanding bonds, notes, or other
15 indebtedness authorized by the qualified voters of the municipality on or after June 30,
16 1999, but before January 1, 2005, to pay costs of school construction, additions to
17 schools, and major rehabilitation projects and education-related facilities that exceed
18 \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n)
19 or (o) of this section;

20 (12) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent
21 of payments made by a municipality during the fiscal year for the retirement of
22 principal and interest on outstanding bonds, notes, or other indebtedness authorized by
23 the qualified voters of the municipality on or after June 30, 1999, but before January 1,
24 2005, to pay costs of school construction, additions to schools, and major
25 rehabilitation projects and education-related facilities that exceed \$200,000, are
26 reviewed under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this
27 section;

28 (13) subject to (h), (i), (j)(2) - (5), and (p) of this section, and after
29 projects funded by the tax exempt bonds, notes, or other indebtedness have been
30 approved by the commissioner, 70 percent of payments made by a municipality during
31 the fiscal year for the retirement of principal and interest on outstanding tax exempt

bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (n) or (o) of this section;

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

(15) subject to (h), (i), (j)(2) - (5), and (q) of this section, and after projects funded by the bonds, notes, or other indebtedness have been approved by the commissioner, 90 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after June 30, 1999, but before October 31, 2006, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), meet the 10 percent participating share requirement for a municipal school district under the former participating share amounts required under AS 14.11.008(b), and are not reimbursed under (n) or (o) of this section;

(16) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 70 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, **but before May 1, 2015,** to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities

that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(17) subject to (h), (i), and (j)(2), (3), and (5) of this section, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after October 1, 2006, **but before May 1, 2015,** to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(18) subject to (h), (i), and (j)(2) - (5) of this section, and after projects funded by the tax exempt bonds, notes, or other indebtedness have been approved by the commissioner, 60 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after May 1, 2015, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are approved under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section;

(19) subject to (h), (i), and (j)(2), (3), and (5) of this section, 40 percent of payments made by a municipality during the fiscal year for the retirement of principal and interest on outstanding tax exempt bonds, notes, or other indebtedness authorized by the qualified voters of the municipality on or after May 1, 2015, to pay costs of school construction, additions to schools, and major rehabilitation projects and education-related facilities that exceed \$200,000, are reviewed under AS 14.07.020(a)(11), and are not reimbursed under (o) of this section.

* Sec. 21. AS 14.16.050(a) is amended to read:

(a) The following provisions apply with respect to the operation and management of a state boarding school as if it were a school district:

(1) requirements relating to school district operations:

(A) AS 14.03.030 - 14.03.050 (defining the school term, day in

session, and school holidays);

(B) AS 14.03.073 and 14.03.083 - 14.03.140 [AS 14.03.083 - 14.03.140] (miscellaneous provisions applicable to school district operations);

(C) regulations adopted by the board under authority of AS 14.07.020(a) that are applicable to school districts and their schools, unless the board specifically exempts state boarding schools from compliance with a regulation;

(D) AS 14.12.150 (authorizing school districts to establish and participate in the services of a regional resource center);

(E) AS 14.14.050 (imposing the requirement of an annual audit);

(F) AS 14.14.110 (authorizing cooperation with other school districts);

(G) AS 14.14.140(b) (establishing a prohibition on employment of a relative of the chief school administrator);

(H) AS 14.18 (prohibiting discrimination based on sex in public education);

(2) requirements relating to the public school funding program and the receipt and expenditure of that funding:

(A) AS 14.17.500 (relating to student count estimates);

(B) AS 14.17.505 (relating to school operating fund balances);

(C) AS 14.17.500 - 14.17.910 (setting out the procedure for payment of public school funding and imposing general requirements and limits on money paid);

(3) requirements relating to teacher employment and retirement:

(A) AS 14.14.105 and 14.14.107 (relating to sick leave);

(B) AS 14.20.095 - 14.20.215 (relating to the employment and tenure of teachers);

(C) AS 14.20.220 (relating to the salaries of teachers employed);

(D) AS 14.20.280 - 14.20.350 (relating to sabbatical leave

provisions for teachers);

(E) AS 23.40.070 - 23.40.260 (authorizing collective bargaining by certificated employees), except with regard to teachers who are administrators and except that the board may delegate some or all of its responsibilities under those statutes;

(F) AS 14.25 (provisions regarding the teachers' retirement system);

(4) requirements relating to students and educational programs:

(A) AS 14.30.180 - 14.30.350 (relating to educational services for children with disabilities);

(B) AS 14.30.360 - 14.30.370 (establishing health education program standards);

(C) AS 14.30.400 - 14.30.410 (relating to bilingual and bicultural education).

* **Sec. 22.** AS 14.16 is amended by adding a new section to article 2 to read:

Sec. 14.16.100. Application for residential school. A school district shall apply to the department for approval to establish and operate a statewide or district-wide residential school. The department shall accept applications during an open application period conducted annually. A period of open application in itself does not indicate that the department will approve the establishment of a new residential school.

* **Sec. 23.** AS 14.16.200(b) is amended to read:

(b) Costs that may be claimed by a district for reimbursement under (a) of this section are

(1) one round trip on the least expensive means of transportation between the student's community of residence and the school during the school year if the district expends money for the trip; and

(2) a per-pupil monthly stipend to cover room and board expenses as determined by the department on a regional basis and not to exceed the following amounts:

(A) for the Southeast Region (Region I), \$1,230 [\$820];

(B) for the Southcentral Region (Region II), \$1,200 [\$800];

(C) for the Interior Region (Region III), \$1,452 [\$968];

(D) for the Southwest Region (Region IV), \$1,509 [\$1,006];

(E) for the Northern Remote Region (Region V), \$1,776 [\$1,184].

* **Sec. 24.** AS 14.17.410(b) is amended to read:

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

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

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

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

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

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

(E) notwithstanding (A) - (C) of this paragraph, if a school district's ADM adjusted for school size under (A) of this paragraph decreases by five percent or more from one fiscal year to the next fiscal year, the school district may use the last fiscal year before the decrease as a base fiscal year to offset the decrease, according to the following method:

(i) for the first fiscal year after the base fiscal year determined under this subparagraph, the school district's ADM adjusted

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

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

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

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

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

(2) the required local contribution of a city or borough school district is the equivalent of a 2.80 [2.65] mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a district's basic need for the preceding fiscal year as determined under (1) of this

subsection.

* **Sec. 25.** AS 14.17.410(c) is amended to read:

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

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

(2) 23 percent of the total of the district's basic need for the fiscal year under (b)(1) of this section and any additional funding distributed to the district in a fiscal year according to (b) of this section.

* **Sec. 26.** AS 14.17.430 is amended to read:

Sec. 14.17.430. State funding for correspondence study. Except as provided in AS 14.17.400(b), funding for the state centralized correspondence study program or a district correspondence program, including a district that offers a statewide correspondence study program, includes an allocation from the public education fund in an amount calculated by multiplying the ADM of the correspondence program by 90 [80] percent.

* **Sec. 27.** AS 14.17.450(d) is amended to read:

(d) If a charter school has a student count of at least 75 [MORE THAN 120] but less than 150 for the current year and is in the first three years [YEAR] of operation or had a student count of at least 75 [150 OR MORE] in the previous year of operation,

(1) the adjusted student count for the school shall be calculated by multiplying the student count by [95 PERCENT OF] the student rate for a school that has a student count of 150; and

(2) not later than February 15, the charter school shall submit for approval of the governing board of the district a plan for the following school year that includes a statement about whether the school will continue to operate if the student count remains the same that year and, if so, a projection of the funding anticipated

from the state and other sources, a proposed budget, and a description of anticipated changes to the school staff, program, and curriculum; if the school intends to close if the student count remains the same the following year, the plan must describe transfer plans for students, staff, facilities, and materials.

* **Sec. 28.** AS 23.15.835(a) is amended to read:

(a) In the manner provided in AS 23.20 and for the benefit of the program, the department shall collect from each employee an amount equal to .16 [.15] percent of the wages, as set out in AS 23.20.175, on which the employee is required to make contributions under AS 23.20.290(d). The department shall remit to the Department of Revenue, in accordance with AS 37.10.050, money collected under this subsection.

* **Sec. 29.** AS 23.15.835(d) is amended to read:

(d) Notwithstanding AS 23.15.840(a), for the fiscal years ending June 30, 2015 [2009], through June 30, 2017 [2014], the money collected under this section or otherwise appropriated to the Alaska Workforce Investment Board, formerly known as the Alaska Human Resource Investment Council, shall be allocated directly in the following percentages to the following institutions for programs consistent with AS 23.15.820 - 23.15.850 and capital improvements:

University of Alaska	45 percent
[UNIVERSITY OF ALASKA SOUTHEAST	5 PERCENT]
Galena <u>Interior Learning Academy</u> [PROJECT	4 percent
EDUCATION VOCATIONAL TRAINING CENTER]	
<u>Alaska</u> [KOTZEBUE] Technical Center	9 percent
Alaska Vocational Technical Center	17 percent
Northwestern Alaska Career and Technical Center	3 percent
Southwest Alaska Vocational and Education Center	3 percent
Yuut Elitnaurviat, Inc. People's Learning Center	9 percent
<u>Partners for Progress in Delta, Inc.</u> [DELTA CAREER	3 percent
ADVANCEMENT CENTER]	
<u>Amundsen Educational Center</u> [NEW FRONTIER	2 percent
VOCATIONAL TECHNICAL CENTER]	
<u>Ilisagvik College</u>	<u>5 percent</u>

1 * **Sec. 30.** AS 23.15.835(e) is amended to read:

2 (e) The institutions receiving funding under (d) of this section shall provide an
3 expenditure and performance report to the department by November 1 of each year
4 that includes [THE]

5 (1) the percentage of former participants in the program who have jobs
6 one year after leaving the program;

7 (2) the median wage of former participants seven to 12 months after
8 leaving the program;

9 (3) the percentage of former participants who were employed after
10 leaving the program who received training under the program that was related or
11 somewhat related to the former participants' jobs seven to 12 months after leaving the
12 program;

13 (4) a description of each vocational education course funded
14 through the allocation set out in (d) of this section that permits high school
15 students to earn dual credit upon course completion, and the number of high
16 school students who earned dual credit in the past year;

17 (5) a copy of any articulation agreement established under (g) of
18 this section that either was in effect for the preceding year or is in process for the
19 next year of funding, and the number of high school students who earned dual
20 credit under each articulation agreement; and

21 (6) the performance and financial information needed to verify the
22 performance of the program as specified by the department by regulation
23 [PERCENTAGE OF FORMER PARTICIPANTS WHO INDICATE SOME LEVEL
24 OF SATISFACTION WITH THE TRAINING RECEIVED UNDER THE
25 PROGRAM; AND

26 (5) PERCENTAGE OF EMPLOYERS WHO INDICATE
27 SATISFACTION WITH THE SERVICES PROVIDED THROUGH THE
28 PROGRAM].

29 * **Sec. 31.** AS 23.15.835 is amended by adding new subsections to read:

30 (g) The institutions receiving funding under (d) of this section shall establish
31 and maintain at least one articulation agreement under which dual credit may be

1 earned by high school students upon completion of a vocational education course.

2 (h) An institution's failure to comply with (e) or (g) of this section shall result
3 in a withholding penalty of 20 percent of the funding allocated under (d) of this
4 section in the following year.

5 * **Sec. 32.** AS 23.15.850 is amended by adding new paragraphs to read:

6 (3) "articulation agreement" means a dual-credit partnership between a
7 school district and an institution receiving funding under AS 23.15.835(d) that
8 describes vocational education courses, student eligibility, course location, academic
9 policies, student support services, credit on a student's transcript, funding, and other
10 items required by the partnering institutions;

11 (4) "dual credit" means simultaneous high school credit and credit
12 toward a career or vocational certification.

13 * **Sec. 33.** AS 29.45.050 is amended by adding a new subsection to read:

14 (v) A municipality may by ordinance classify and exempt or partially exempt
15 from taxation all or a portion of privately owned real property rented or leased for use
16 as a charter school established under AS 14.03.250.

17 * **Sec. 34.** AS 43.20.014(a) is amended to read:

18 (a) A taxpayer is allowed a credit against the tax due under this chapter for
19 cash contributions accepted for

20 (1) direct instruction, research, and educational support purposes,
21 including library and museum acquisitions, and contributions to endowment, by an
22 Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year
23 or four-year college accredited by a regional accreditation association, **or by a public**
24 **or private nonprofit elementary or secondary school in the state;**

25 (2) secondary school level vocational education courses, programs, and
26 facilities by a school district in the state;

27 (3) vocational education courses, programs, **equipment,** and facilities
28 by a state-operated vocational technical education and training school, **a nonprofit**
29 **regional training center recognized by the Department of Labor and Workforce**
30 **Development, and an apprenticeship program in the state that is registered with**
31 **the United States Department of Labor under 29 U.S.C. 50 - 50b (National**

Apprenticeship Act);

(4) a facility [OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association **or by a public or private nonprofit elementary or secondary school in the state;**

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;

(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school in the state approved by the Department of Education and Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(12) the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* Sec. 35. AS 43.20.014(a), as amended by sec. 14, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 15, ch. 74, SLA 2012, is amended to read:

(a) A taxpayer is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) for vocational education courses, programs, equipment, and facilities by a state-operated vocational technical education and training school, a nonprofit regional training center recognized by the Department of Labor and Workforce Development, and an apprenticeship program in the state that is registered with the United States Department of Labor under 29 U.S.C. 50 - 50b (National Apprenticeship Act); [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(8) for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* Sec. 36. AS 43.20.014(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* Sec. 37. AS 43.65.018(a) is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year

1 or four-year college accredited by a regional accreditation association, or by a public
 2 or private nonprofit elementary or secondary school in the state;

3 (2) secondary school level vocational education courses, programs, and
 4 facilities by a school district in the state;

5 (3) vocational education courses, programs, and facilities by a state-
 6 operated vocational technical education and training school;

7 (4) a facility [OR AN ANNUAL INTERCOLLEGIATE SPORTS
 8 TOURNAMENT] by a nonprofit, public or private, Alaska two-year or four-year
 9 college accredited by a regional accreditation association or by a public or private
 10 nonprofit elementary or secondary school in the state;

11 (5) Alaska Native cultural or heritage programs and educational
 12 support, including mentoring and tutoring, provided by a nonprofit agency for public
 13 school staff and for students who are in grades kindergarten through 12 in the state;

14 (6) education, research, rehabilitation, and facilities by an institution
 15 that is located in the state and that qualifies as a coastal ecosystem learning center
 16 under the Coastal America Partnership established by the federal government; [AND]

17 (7) the Alaska higher education investment fund under AS 37.14.750;

18 (8) funding a scholarship awarded by a nonprofit organization to a
 19 dual-credit student to defray the cost of a dual-credit course, including the cost of

20 (A) tuition and textbooks;

21 (B) registration, course, and programmatic student fees;

22 (C) on-campus room and board at the postsecondary
 23 institution in the state that provides the dual-credit course;

24 (D) transportation costs to and from a residential school
 25 approved by the Department of Education and Early Development under
 26 AS 14.16.200 or the postsecondary school in the state that provides the
 27 dual-credit course; and

28 (E) other related educational and programmatic costs;

29 (9) constructing, operating, or maintaining a residential housing
 30 facility by a residential school approved by the Department of Education and
 31 Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(12) the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* Sec. 38. AS 43.65.018(a), as amended by sec. 35, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 21, ch. 74, SLA 2012, is amended to read:

(a) A person engaged in the business of mining in the state is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(8) for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* **Sec. 39.** AS 43.65.018(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* **Sec. 40.** AS 43.75.018(a) is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an

Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) a facility [OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association **or by a public or private nonprofit elementary or secondary school in the state;**

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;

(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and

Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(12) the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* **Sec. 41.** AS 43.75.018(a), as amended by sec. 42, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 23, ch. 74, SLA 2012, is amended to read:

(a) A person engaged in a fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant; and

(8) for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* **Sec. 42.** AS 43.75.018(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* **Sec. 43.** AS 43.77.045(a) is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted for

(1) direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, **or by a public or private nonprofit elementary or secondary school in the state;**

(2) secondary school level vocational education courses, programs, and facilities by a school district in the state;

(3) vocational education courses, programs, and facilities by a state-operated vocational technical education and training school;

(4) a facility [OR AN ANNUAL INTERCOLLEGIATE SPORTS TOURNAMENT] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association **or by a public or private nonprofit elementary or secondary school in the state;**

(5) Alaska Native cultural or heritage programs and educational support, including mentoring and tutoring, provided by a nonprofit agency for public school staff and for students who are in grades kindergarten through 12 in the state;

(6) education, research, rehabilitation, and facilities by an institution that is located in the state and that qualifies as a coastal ecosystem learning center under the Coastal America Partnership established by the federal government; [AND]

(7) the Alaska higher education investment fund under AS 37.14.750;

(8) funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(9) constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(10) childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development, or through a state grant;

(11) science, technology, engineering, and math programs provided by a nonprofit agency or a school district for school staff and for students in grades kindergarten through 12 in the state; and

(12) the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* Sec. 44. AS 43.77.045(a), as amended by sec. 49, ch. 92, SLA 2010, sec. 14, ch. 7, FSSLA 2011, and sec. 25, ch. 74, SLA 2012, is amended to read:

(a) In addition to the credit allowed under AS 43.77.040, a person engaged in a floating fisheries business is allowed a credit against the tax due under this chapter for cash contributions accepted

(1) for direct instruction, research, and educational support purposes, including library and museum acquisitions, and contributions to endowment, by an Alaska university foundation, [OR] by a nonprofit, public or private, Alaska two-year or four-year college accredited by a regional accreditation association, or by a public or private nonprofit elementary or secondary school in the state;

(2) for secondary school level vocational education courses and programs by a school district in the state;

(3) by a state-operated vocational technical education and training school; [AND]

(4) for the Alaska higher education investment fund under AS 37.14.750;

(5) for funding a scholarship awarded by a nonprofit organization to a dual-credit student to defray the cost of a dual-credit course, including the cost of

(A) tuition and textbooks;

(B) registration, course, and programmatic student fees;

(C) on-campus room and board at the postsecondary institution in the state that provides the dual-credit course;

(D) transportation costs to and from a residential school approved by the Department of Education and Early Development under AS 14.16.200 or the postsecondary school in the state that provides the dual-credit course; and

(E) other related educational and programmatic costs;

(6) for constructing, operating, or maintaining a residential housing facility by a residential school approved by the Department of Education and Early Development under AS 14.16.200;

(7) for childhood early learning and development programs and educational support to childhood early learning and development programs provided by a nonprofit corporation organized under AS 10.20, a tribal entity, or a school district in the state, by the Department of Education and Early Development; and

(8) for the operation of a nonprofit organization dedicated to providing educational opportunities that promote the legacy of public service contributions to the state and perpetuate ongoing educational programs that foster public service leadership for future generations of residents of the state.

* Sec. 45. AS 43.77.045(f) is amended by adding new paragraphs to read:

(3) "dual-credit student" means a secondary level student in the state who simultaneously earns college and high school credit for a course;

(4) "nonprofit organization" means a charitable or educational organization in the state that is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code).

* Sec. 46. AS 14.20.147(b) is repealed.

1 * **Sec. 47.** Section 3, ch. 91, SLA 2010, is repealed.

2 * **Sec. 48.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 TRANSITION: CHARTER SCHOOL APPLICATIONS. Sections 8 and 9 of this Act
5 apply to charter school applications filed with a local school board on or after July 1, 2014.

6 * **Sec. 49.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 TRANSITION: REGULATIONS. The Department of Education and Early
9 Development, the Department of Labor and Workforce Development, and the Department of
10 Revenue may adopt regulations necessary to implement their respective changes made by this
11 Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not
12 before the effective date of the relevant provision of this Act implemented by the regulation.

13 * **Sec. 50.** The uncodified law of the State of Alaska is amended by adding a new section to
14 read:

15 SCHOOL DISTRICT COST FACTOR STUDY. The Legislative Budget and Audit
16 Committee shall provide for a study to be completed not later than January 31, 2017, by an
17 entity with expertise in school finance to evaluate the school district cost factor under
18 AS 14.17.460. The study must either validate the school district cost factor or recommend
19 changes to update the school district cost factor. The study must include a review of the most
20 recent school district operating cost data and the same criteria as the study conducted by the
21 Institute of Social and Economic Research in 2005 titled "Alaska School District Cost Study
22 Update." The committee shall provide a copy of the study conducted under this section to the
23 legislature not later than January 31, 2017.

24 * **Sec. 51.** The uncodified law of the State of Alaska is amended by adding a new section to
25 read:

26 SCHOOL SIZE FACTOR STUDY. The Legislative Budget and Audit Committee
27 shall provide for a study to be completed not later than January 31, 2017, by an entity with
28 expertise in school finance to evaluate the school size factor under AS 14.17.450. The study
29 must either validate the school size factor or recommend changes to update the school size
30 factor. The study must include a review of the most recent school operating cost data and the
31 same criteria as the study conducted by the McDowell Group in 1998 titled "Alaska School

Operating Cost Study." The committee shall provide a copy of the study conducted under this section to the legislature not later than January 31, 2017.

* **Sec. 52.** The uncodified law of the State of Alaska is amended by adding a new section to read:

SCHOOL DESIGN AND CONSTRUCTION REPORT. The Department of Education and Early Development shall prepare and submit a report to the legislature not later than January 31, 2016, on the benefits and disadvantages of using prototypical designs for school construction in both the Railbelt and rural areas of the state.

* **Sec. 53.** The uncodified law of the State of Alaska is amended by adding a new section to read:

PILOT PROJECT TO EXPAND MIDDLE SCHOOL SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS EDUCATION. (a) Subject to appropriation, the Department of Education and Early Development may award a grant to a nonprofit organization for a pilot project for the purpose of expanding science, technology, engineering, and mathematics education for underserved and unrepresented middle school students with limited opportunities who are enrolled in a public school in the state. A nonprofit organization may apply for the grant by submitting an application to the commissioner of education and early development. A grant may be awarded only to a nonprofit organization with experience in administering a similar education program.

(b) A nonprofit organization receiving a grant under (a) of this section shall provide data on educational opportunities provided under the pilot project in an annual report to the Department of Education and Early Development and the legislature.

(c) The pilot project established under (a) of this section terminates June 30, 2017.

* **Sec. 54.** The uncodified law of the State of Alaska is amended by adding a new section to read:

RETROACTIVE ISSUANCE OF A HIGH SCHOOL DIPLOMA. (a) At the request of a student, a school district shall issue a high school diploma to a student who did not receive a high school diploma because the student failed to pass all or a portion of the secondary school competency examination but who received a certificate of achievement under former AS 14.03.075. A school district shall mail a notice consistent with this section to each student who qualifies for a diploma under this section to the student's last known

1 address.

2 (b) The Department of Education and Early Development shall post a notice
3 consistent with this section on the department's Internet website with information about how
4 to request a high school diploma.

5 (c) In this section, "school district" has the meaning given in AS 14.30.350.

6 * **Sec. 55.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 **LEGISLATIVE BUDGET AND AUDIT COMMITTEE SALARY AND BENEFITS**
9 **STUDY.** The Legislative Budget and Audit Committee shall provide for a study of salary and
10 benefits schedules of school districts as defined under AS 14.30.350 and present to the
11 legislature, not later than January 1, 2016, a written report on the study.

12 * **Sec. 56.** Sections 29, 49, and 54 of this Act take effect immediately under
13 AS 01.10.070(c).

14 * **Sec. 57.** Sections 2 and 30 - 32 of this Act take effect July 1, 2015.

15 * **Sec. 58.** Sections 35, 38, 41, and 44 of this Act take effect January 1, 2021.

16 * **Sec. 59.** Except as provided in secs. 56 - 58 of this Act, this Act takes effect July 1, 2014.