

SENATE BILL NO. 238

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY SENATOR CLAMAN

Introduced: 2/19/24

Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to education funding; relating to the public education fund; relating to**
2 **the base student allocation; and providing for an effective date."**

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

4 * **Section 1.** AS 14.03.150(c) is amended to read:

5 (c) The department may not award a school construction or major
6 maintenance grant under AS 14.11 to a municipality that is a school district or a
7 regional educational attendance area that is not in compliance with (a) of this section.
8 The department shall reduce the amount of state aid under **AS 14.17.410(b)**
9 [AS 14.17.400] for which a school district may qualify by the amount, if any, paid by
10 the department under (b) of this section.

11 * **Sec. 2.** AS 14.17.410(b) is amended to read:

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

14 (1) state aid equals basic need minus a required local contribution and

1 90 percent of eligible federal impact aid for that fiscal year; basic need equals the
 2 **amount appropriated by the legislature for state aid, distributed proportionately**
 3 **to a district according to the district adjusted ADM of the district** [SUM
 4 OBTAINED UNDER (D) OF THIS PARAGRAPH, MULTIPLIED BY THE BASE
 5 STUDENT ALLOCATION SET OUT IN AS 14.17.470]; district adjusted ADM is
 6 calculated as follows:

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

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

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

16 (D) the number obtained for intensive services under
 17 AS 14.17.420(a)(2) and the number obtained for correspondence study under
 18 AS 14.17.430 are added to the number obtained under (C) of this paragraph or
 19 under (H) and (I) of this paragraph;

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

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

31 (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;

(H) notwithstanding (A) - (C) of this paragraph, if one or more schools close and consolidate with one or more other schools in the same community and district and, as a result of the consolidation, basic need generated by the district's ADM of the consolidated schools as adjusted under (A) - (C) of this paragraph decreases, the district may use the last fiscal year before the consolidation as the base fiscal year to offset that decrease for the first four fiscal years following consolidation according to the following method:

(i) for the first two fiscal years after the base fiscal year, the district's ADM of the consolidated schools as adjusted under (A) - (C) of this paragraph is calculated by dividing the sum of the district's

1 ADM of the consolidated schools as adjusted under (A) - (C) of this
 2 paragraph for the base fiscal year by the sum of the district's ADM of
 3 the consolidated schools for the base fiscal year without adjustment,
 4 and subtracting the quotient obtained by dividing the district's ADM of
 5 the consolidated schools for the current fiscal year as adjusted under
 6 (A) - (C) of this paragraph by the sum of the district's ADM of the
 7 consolidated schools for the current fiscal year without adjustment,
 8 multiplying that number by the sum of the district's ADM of the
 9 consolidated schools for the current fiscal year without adjustment, and
 10 adding that number to the sum of the district's ADM of the consolidated
 11 schools for the current fiscal year as adjusted under (A) - (C) of this
 12 paragraph;

13 (ii) for the third fiscal year after the base fiscal year, the
 14 district's ADM of the consolidated schools as adjusted under (A) - (C)
 15 of this paragraph is calculated by dividing the sum of the district's
 16 ADM of the consolidated schools as adjusted under (A) - (C) of this
 17 paragraph for the base fiscal year by the sum of the district's ADM of
 18 the consolidated schools for the base fiscal year without adjustment,
 19 and subtracting the quotient obtained by dividing the sum of the
 20 district's ADM of the consolidated schools for the current fiscal year as
 21 adjusted under (A) - (C) of this paragraph by the sum of the district's
 22 ADM of the consolidated schools for the current fiscal year,
 23 multiplying that number by the sum of the district's ADM of the
 24 consolidated schools for the current fiscal year without adjustment,
 25 multiplying that number by 66 percent, and adding that number to the
 26 sum of the district's ADM of the consolidated schools for the current
 27 fiscal year as adjusted under (A) - (C) of this paragraph;

28 (iii) for the fourth fiscal year after the base fiscal year,
 29 the district's ADM of the consolidated schools as adjusted under (A) -
 30 (C) of this paragraph is calculated by dividing the sum of the district's
 31 ADM of the consolidated schools as adjusted under (A) - (C) of this

paragraph for the base fiscal year by the sum of the district's ADM of the consolidated schools for the base fiscal year without adjustment, and subtracting the quotient obtained by dividing the sum of the district's ADM of the consolidated schools for the current fiscal year as adjusted under (A) - (C) of this paragraph by the sum of the district's ADM of the consolidated schools for the current fiscal year, multiplying that number by the sum of the district's ADM of the consolidated schools for the current fiscal year without adjustment, multiplying that number by 33 percent, and adding that number to the sum of the district's ADM of the consolidated schools for the current fiscal year as adjusted under (A) - (C) of this paragraph;

(iv) to calculate the district's basic need for each fiscal year, the number obtained through the calculation in (i), (ii), or (iii) of this subparagraph is added to the number obtained under (C) of this paragraph for the remainder of the district;

(I) if the basic need calculated under (H)(i) - (iii) of this paragraph for one of the first four fiscal years after consolidation is less than the basic need calculated under (A) - (C) of this paragraph for that fiscal year, the basic need may not be adjusted under (H) of this paragraph for that fiscal year;

(J) a district may not offset a decrease under (H) of this paragraph if

(i) a new facility is constructed in the district for the consolidation; or

(ii) the district offset a decrease under (E) of this paragraph in the same fiscal year;

(K) a district that offsets a decrease under (H) of this paragraph may not reopen a school that was closed for consolidation in the district until

(i) seven or more years have passed since the school closure; and

(ii) the district provides evidence satisfactory to the

department that the schools affected by the consolidation are over capacity;

(L) a district may not reopen and reconsolidate a school that was consolidated in the district more than once every seven years for purposes of the calculations made under (H) of this paragraph;

(M) a district offsetting a decrease under (H) of this paragraph shall provide the department with the list of schools participating in the consolidation and the corresponding ADM;

(2) the required local contribution of a city or borough school district is the equivalent of a 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. 3.** AS 14.17.430 is amended to read:

Sec. 14.17.430. State funding for correspondence study. Funding [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 percent.

* **Sec. 4.** AS 14.17.440(a) is amended to read:

(a) **Funding** [EXCEPT AS PROVIDED IN AS 14.17.400(b), FUNDING] for state boarding schools established under AS 14.16.010 includes [AN ALLOCATION FROM THE PUBLIC EDUCATION FUND IN] an amount **appropriated by the legislature** [CALCULATED BY

(1) DETERMINING THE ADM OF STATE BOARDING SCHOOLS BY APPLYING THE SCHOOL SIZE FACTOR TO THE STUDENT COUNT AS DESCRIBED IN AS 14.17.450;

(2) MULTIPLYING THE NUMBER OBTAINED UNDER (1) OF

THIS SUBSECTION BY THE SPECIAL NEEDS FACTOR 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) AND MULTIPLYING THAT PRODUCT BY THE BASE STUDENT ALLOCATION; AND

(3) MULTIPLYING THE PRODUCT DETERMINED UNDER (2) OF THIS SUBSECTION BY THE DISTRICT COST FACTOR THAT IS APPLICABLE TO CALCULATION OF THE STATE AID FOR THE ADJACENT SCHOOL DISTRICT UNDER AS 14.17.460].

* **Sec. 5.** AS 14.17.500(a) is amended to read:

(a) A district shall prepare and submit to the department by November 5 of each fiscal year, in the manner and on forms prescribed by the department, an estimate of its ADM and other student count data, including per school student count data, for the succeeding fiscal year upon which computations can be made to estimate the amount of state aid for which the district may be eligible under AS 14.17.410(b) [AS 14.17.400] in the succeeding fiscal year. In making its report, the district shall consider its ADM, other student count data, the pattern of growth or decline of the student population in preceding years, and other pertinent information available to the district.

* **Sec. 6.** AS 14.17.610(b) is amended to read:

(b) Distribution of state aid under (a) of this section shall be made as required under AS 14.17.410. If a district receives more state aid than it is entitled to receive under this chapter, the district shall immediately remit the amount of overpayment to the commissioner, to be returned to the general [PUBLIC EDUCATION] fund. The department may make adjustments to a district's state aid to correct underpayments made in previous fiscal years.

* **Sec. 7.** AS 14.17.900(b) is amended to read:

(b) Money to carry out the provisions of this chapter may be appropriated annually by the legislature [INTO THE PUBLIC EDUCATION FUND. IF THE AMOUNT APPROPRIATED TO THE FUND FOR THE PURPOSES OF THIS CHAPTER IS INSUFFICIENT TO MEET THE ALLOCATIONS AUTHORIZED

1 UNDER AS 14.17.400 - 14.17.470 FOR A FISCAL YEAR, STATE AID SHALL BE
 2 REDUCED ACCORDING TO AS 14.17.400(b)].

3 * **Sec. 8.** AS 37.07.020(b) is amended to read:

4 (b) In addition to the budget and bills submitted under (a) of this section, the
 5 governor shall submit a capital improvements program covering the succeeding six
 6 fiscal years. The governor shall also submit a fiscal plan with estimates of significant
 7 sources and uses of funds for the succeeding 10 fiscal years. The fiscal plan

8 (1) must include sufficient details to identify

9 (A) significant sources of funds;

10 (B) significant uses of funds, including lump sum projections

11 of

12 (i) operating expenditures;

13 (ii) capital expenditures;

14 (iii) debt service expenditures;

15 (iv) fund capitalizations;

16 (v) appropriations of income of the Alaska permanent
 17 fund (art. IX, sec. 15, Constitution of the State of Alaska), if any;

18 (2) must balance sources and uses of funds held while providing for
 19 essential state services and protecting the economic stability of the state;

20 (3) must include projected balances of significant funds held in
 21 separate accounts, including the budget reserve fund (art. IX, sec. 17, Constitution of
 22 the State of Alaska) [, THE PUBLIC EDUCATION FUND (AS 14.17.300),] and the
 23 Alaska capital income fund (AS 37.05.565);

24 (4) must set out significant assumptions used in the projections with
 25 sufficient detail to enable the legislature to rely on the fiscal plan in understanding,
 26 evaluating, and resolving issues of state budgeting, including information that supports
 27 major areas of operating increases, such as population demographics that affect the
 28 need for particular government services.

29 * **Sec. 9.** AS 14.17.300, 14.17.400, 14.17.470, 14.17.480(b), and 14.17.490(c) are repealed.

30 * **Sec. 10.** This Act takes effect July 1, 2024.