SENATE BILL NO. 278

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE EDUCATION COMMITTEE

Introduced: 3/16/26
Referred: Education, Finance

A BILL

FOR AN ACT ENTITLED

1   **"An Act relating to the required local contribution made by a city or borough school**

2   **district for public school funding; and providing for an effective date."**

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

4   * **Section 1.** AS 14.17.410(b) is amended to read:

5   (b) Public school funding consists of state aid, a required local contribution,

6   and eligible federal impact aid determined as follows:

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

8   90 percent of eligible federal impact aid for that fiscal year; basic need equals the sum

9   obtained under (D) of this paragraph, multiplied by the base student allocation set out

10   in AS 14.17.470; district adjusted ADM is calculated as follows:

11   (A) the ADM of each school in the district is calculated by

12   applying the school size factor to the student count as set out in AS 14.17.450;

13   (B)   the number obtained under (A) of this paragraph is

14   multiplied by the district cost factor described in AS 14.17.460;

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1   (C)   the ADMs of each school in a district, as adjusted

2   according to (A) and (B) of this paragraph, are added; the sum is then

3   multiplied by the special needs factor set out in AS 14.17.420(a)(1) and the

4   secondary school vocational and technical instruction funding factor set out in

5   AS 14.17.420(a)(3);

6   (D)   the number obtained for intensive services under

7   AS 14.17.420(a)(2) and the number obtained for correspondence study under

8   AS 14.17.430 are added to the number obtained under (C) of this paragraph or

9   under (H) and (I) of this paragraph;

10   (E)   notwithstanding (A) - (C) of this paragraph, if a school

11 district's ADM adjusted for school size under (A) of this paragraph decreases

12 by five percent or more from one fiscal year to the next fiscal year, the school

13 district may use the last fiscal year before the decrease as a base fiscal year to

14 offset the decrease, according to the following method:

15   (i)   for the first fiscal year after the base fiscal year

16   determined under this subparagraph, the school district's ADM adjusted

17   for school size determined under (A) of this paragraph is calculated as

18   the district's ADM adjusted for school size, plus 75 percent of the

19   difference in the district's ADM adjusted for school size between the

20   base fiscal year and the first fiscal year after the base fiscal year;

21   (ii)   for the second fiscal year after the base fiscal year

22   determined under this subparagraph, the school district's ADM adjusted

23   for school size determined under (A) of this paragraph is calculated as

24   the district's ADM adjusted for school size, plus 50 percent of the

25   difference in the district's ADM adjusted for school size between the

26   base fiscal year and the second fiscal year after the base fiscal year;

27   (iii)   for the third fiscal year after the base fiscal year

28   determined under this subparagraph, the school district's ADM adjusted

29   for school size determined under (A) of this paragraph is calculated as

30   the district's ADM adjusted for school size, plus 25 percent of the

31   difference in the district's ADM adjusted for school size between the

1   base fiscal year and the third fiscal year after the base fiscal year;

2   (F) the method established in (E) of this paragraph is available

3   to a school district for the three fiscal years following the base fiscal year

4   determined under (E) of this paragraph only if the district's ADM adjusted for

5   school size determined under (A) of this paragraph for each fiscal year is less

6   than the district's ADM adjusted for school size in the base fiscal year;

7   (G) the method established in (E) of this paragraph does not

8   apply to a decrease in the district's ADM adjusted for school size resulting

9   from a loss of enrollment that occurs as a result of a boundary change under

10   AS 29;

11   (H) notwithstanding (A) - (C) of this paragraph, if one or more

12   schools close and consolidate with one or more other schools in the same

13   community and district and, as a result of the consolidation, basic need

14   generated by the district's ADM of the consolidated schools as adjusted under

15   (A) - (C) of this paragraph decreases, the district may use the last fiscal year

16   before the consolidation as the base fiscal year to offset that decrease for the

17   first four fiscal years following consolidation according to the following

18   method:

19   (i) for the first two fiscal years after the base fiscal year,

20   the district's ADM of the consolidated schools as adjusted under (A) -

21   (C) of this paragraph is calculated by dividing the sum of the district's

22   ADM of the consolidated schools as adjusted under (A) - (C) of this

23   paragraph for the base fiscal year by the sum of the district's ADM of

24   the consolidated schools for the base fiscal year without adjustment,

25   and subtracting the quotient obtained by dividing the district's ADM of

26   the consolidated schools for the current fiscal year as adjusted under

27   (A) - (C) of this paragraph by the sum of the district's ADM of the

28   consolidated schools for the current fiscal year without adjustment,

29   multiplying that number by the sum of the district's ADM of the

30   consolidated schools for the current fiscal year without adjustment, and

31   adding that number to the sum of the district's ADM of the consolidated

1   schools for the current fiscal year as adjusted under (A) - (C) of this

2   paragraph;

3   (ii) for the third fiscal year after the base fiscal year, the

4   district's ADM of the consolidated schools as adjusted under (A) - (C)

5   of this paragraph is calculated by dividing the sum of the district's

6   ADM of the consolidated schools as adjusted under (A) - (C) of this

7   paragraph for the base fiscal year by the sum of the district's ADM of

8   the consolidated schools for the base fiscal year without adjustment,

9   and subtracting the quotient obtained by dividing the sum of the

10   district's ADM of the consolidated schools for the current fiscal year as

11   adjusted under (A) - (C) of this paragraph by the sum of the district's

12   ADM of the consolidated schools for the current fiscal year,

13   multiplying that number by the sum of the district's ADM of the

14   consolidated schools for the current fiscal year without adjustment,

15   multiplying that number by 66 percent, and adding that number to the

16   sum of the district's ADM of the consolidated schools for the current

17   fiscal year as adjusted under (A) - (C) of this paragraph;

18   (iii) for the fourth fiscal year after the base fiscal year,

19   the district's ADM of the consolidated schools as adjusted under (A) -

20   (C) of this paragraph is calculated by dividing the sum of the district's

21   ADM of the consolidated schools as adjusted under (A) - (C) of this

22   paragraph for the base fiscal year by the sum of the district's ADM of

23   the consolidated schools for the base fiscal year without adjustment,

24   and subtracting the quotient obtained by dividing the sum of the

25   district's ADM of the consolidated schools for the current fiscal year as

26   adjusted under (A) - (C) of this paragraph by the sum of the district's

27   ADM of the consolidated schools for the current fiscal year,

28   multiplying that number by the sum of the district's ADM of the

29   consolidated schools for the current fiscal year without adjustment,

30   multiplying that number by 33 percent, and adding that number to the

31   sum of the district's ADM of the consolidated schools for the current

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1   fiscal year as adjusted under (A) - (C) of this paragraph;

2   (iv) to calculate the district's basic need for each fiscal

3   year, the number obtained through the calculation in (i), (ii), or (iii) of

4   this subparagraph is added to the number obtained under (C) of this

5   paragraph for the remainder of the district;

6   (I) if the basic need calculated under (H)(i) - (iii) of this

7   paragraph for one of the first four fiscal years after consolidation is less than

8   the basic need calculated under (A) - (C) of this paragraph for that fiscal year,

9   the basic need may not be adjusted under (H) of this paragraph for that fiscal

10   year;

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

12   paragraph if

13   (i) a new facility is constructed in the district for the

14   consolidation; or

15   (ii) the district offset a decrease under (E) of this

16   paragraph in the same fiscal year;

17   (K) a district that offsets a decrease under (H) of this paragraph

18   may not reopen a school that was closed for consolidation in the district until

19   (i) seven or more years have passed since the school

20   closure; and

21   (ii) the district provides evidence satisfactory to the

22   department that the schools affected by the consolidation are over

23   capacity;

24   (L) a district may not reopen and reconsolidate a school that

25   was consolidated in the district more than once every seven years for purposes

26   of the calculations made under (H) of this paragraph;

27   (M) a district offsetting a decrease under (H) of this paragraph

28   shall provide the department with the list of schools participating in the

29   consolidation and the corresponding ADM;

30   (2) the required local contribution of a city or borough school district is

31   the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and

1   personal property in the district as of January 1 of the second preceding fiscal year, as

2   determined by the Department of Commerce, Community, and Economic

3   Development under AS 14.17.510 and AS 29.45.110**; the required local**

4   **contribution may** [,] not [TO] exceed

5   **(A)** 45 percent of a district's basic need for the preceding fiscal

6   year as determined under (1) of this subsection**; or**

7   **(B) the amount of the district's required local contribution**

8   **for the preceding fiscal year by more than two percent**.

9   *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to

10   read:

11   RETROACTIVITY. This Act is retroactive to July 1, 2025.

12   *** Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

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