

1 IN THE HOUSE

BY RULES COMMITTEE
BY REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 420

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SECOND LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating a Public School Foundation
7 Program; providing a system for allocating
8 state aid to local school districts; re-
9 pealing certain laws in conflict therewith;
10 and providing for an effective date."

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

12 ARTICLE I

13 STATE AID TO LOCAL SCHOOL DISTRICTS

14 Section 1.01. DECLARATION OF INTENT. It is the intention
15 of the legislature, in enacting this public school foundation
16 program, to assure an adequate level of educational opportunities
17 for those in attendance in the public schools of the state. This
18 Act shall not be interpreted as preventing any public school
19 district from providing educational services and facilities beyond
20 those assured by the foundation program.

21 Sec. 1.02. BASIC NEED. For the purposes of this Act, the
22 "basic need" for each school district shall be the sum of the
23 following:

24 (1) the teachers' salary allotment (Sec. 1.04);

25 (2) the average daily membership allotment (Sec. 1.05);

26 and

27 (3) the attendance center allotment (Sec. 1.06).

28 Sec. 1.03. STATE AID. The amount of state aid shall be
29 determined by subtracting the required local effort (Sec. 1.07)

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1 from the basic need (Sec. 1.02).

2 Sec. 1.04. TEACHERS' SALARY ALLOTMENT. a. The teachers'
3 salary allotment for each district shall be the product of the
4 "teacher salary average" times the "allowable number of teacher
5 units."

6 b. The teacher salary average is the sum derived by
7 dividing the total amount which the State Department of Education
8 would be required, by the laws in effect for the year two years
9 prior to the fiscal year, to pay to the full-time teachers em-
10 ployed by the district in the year two years prior to the fiscal
11 year if it were the employer, divided by the total number of full-
12 time teachers employed by the district in the year two years
13 prior to the fiscal year. If the legislature raises the state
14 minimum salary scale by a law effective during the fiscal year,
15 the teacher salary average shall be recomputed as if the new
16 salary scale had been in effect in the year two years prior to
17 the fiscal year.

18 c. The allowable number of teacher units for each district
19 is the number of teachers employed by the district for the fiscal
20 year, but not to exceed the number of teacher units which is
21 allowed to the district for the fiscal year by this subsection.

22 (1) Each district is entitled to the number of teacher
23 units for elementary schools which corresponds to the average
24 daily membership for its elementary schools in the following
25 elementary schedule. Each district is entitled to the number
26 of teacher units for secondary schools which corresponds to the
27 average daily membership for its secondary schools in the follow-
28 ing secondary schedule; provided, that if a school district has
29 two or more secondary attendance centers, it shall separately

1 compute the allowable number of teacher units for each of its
 2 secondary attendance centers which has an average daily member-
 3 ship of 301 or more pupils.

4 SCHEDULE OF ALLOWABLE NUMBER OF TEACHER UNITS

<u>Elementary Schedule</u>		<u>Secondary Schedule</u>	
<u>Average daily membership</u>	<u>Allowable No. of teacher units</u>	<u>Average daily membership</u>	<u>Allowable No. of teacher units</u>
8-15	1	Under 10	1
16-30	2	10-15	2
31-45	3	16-25	3
46-60	4	26-40	4
61-75	5	41-60	5
76-100	6	61-80	6
		81-100	7
101-300	6 plus 1 for each 20 pupils, or major fraction thereof, between 101 and 300	101-300	7 plus 1 for each 20 pupils, or major fraction thereof, between 101 and 300
301 & over	16 plus 1 for each 25 pupils, or major fraction thereof, over 300	301 & over	17 plus 1 for each 25 pupils, or major fraction thereof, over 300

21 (2) If a district has less than 600 pupils in average
 22 daily membership it shall not be allowed any teacher units for
 23 administrators in excess of teacher units allowed by paragraph (1)
 24 of this subsection.

25 (3) If a school district has an average daily member-
 26 ship of 600 or more students it is entitled to teacher units, as
 27 an allowance for superintendents and assistants, in addition to
 28 those otherwise allowed in this subsection. Each such district
 29 is entitled to the number of teacher units which corresponds to

1 the total elementary and secondary average daily membership in
2 the following schedule.

3	<u>Total average daily membership</u>	<u>Allowable No. of teacher units</u>
4	601-3000	1
5	3001-5999	2
6	Over 6000	3

7 (4) Each district is entitled to additional teacher
8 units as an allowance for principals and vice-principals as
9 follows:

10 (a) A school district with an average daily
11 membership of 700 or more is allowed a teacher unit for each
12 building with eight or more classrooms, as an allowance for a
13 principal for such building.

14 (b) A school district having one or more build-
15 ings with 24 or more classrooms in use as regular classrooms
16 with teachers assigned, is also allowed a teacher unit for each
17 such building, as an allowance for a vice-principal for such
18 building.

19 (5) This schedule of allowable number of teacher units
20 is only for use in determining allotments under the public school
21 foundation program, and does not prohibit a district from hiring
22 a greater number of teachers to be paid from its own funds.

23 Sec. 1.05. AVERAGE DAILY MEMBERSHIP ALLOTMENT. The average
24 daily membership allotment for each district shall be as follows:

25 (1) If the district lies in the Southeastern Senate
26 District: \$140.00 times average daily membership.

27 (2) If the district lies in the Southcentral Senate
28 District: \$150.00 times average daily membership.

29 (3) If the district lies in the Central and Northwest

1 Senate District and that part of the Southcentral Senate District
2 lying west of 152 degrees west longitude: \$160.00 times the
3 average daily membership.

4 Sec. 1.06. ATTENDANCE CENTER ALLOTMENT. The attendance
5 center allotment for each district shall be the product of the
6 number of attendance centers in the school district times
7 \$1,000.00. For the purposes of this section "attendance center"
8 means each elementary or secondary school which functions as a
9 distinct administrative unit and is allocated a principal by the
10 district school board; provided, that the State Board of Educa-
11 tion may designate as attendance centers, in addition to those
12 which qualify under this definition, those schools which it
13 determines should be considered as attendance centers because
14 of remote location or other special circumstances.

15 Sec. 1.07. REQUIRED LOCAL EFFORT. a. The required local
16 effort of each district shall be the sum of the required local
17 tax effort of the district and one-half of any Public Law 874
18 monies received from the federal government in the pre-fiscal
19 year.

20 b. The required local tax effort for each district is an
21 amount of revenue raised from local sources, equivalent to the
22 amount which would be raised by a four mill levy on the full
23 and true value of taxable real and personal property within the
24 district.

25 c. Every district which is charged by law with the respon-
26 sibility of providing public education or which has assumed such
27 responsibility voluntarily, is required to raise each year a sum
28 equivalent to the revenue which would be realized from a four
29 mill property tax on the full and true value of taxable real and

1 personal property within the district.

2 Sec. 1.08. SUPPLEMENTAL ALLOTMENTS. a. Each district
3 which raises revenues in excess of its required local tax effort
4 is entitled to supplemental allotments from the public school
5 foundation account as provided in this section. These allotments
6 will be at the rate of an additional \$10.00 per student in
7 average daily membership for each increment unit. An increment
8 unit is the amount of revenue raised locally which is equivalent
9 to a one mill levy on the full and true value of taxable real and
10 personal property within the district and which is in excess of
11 the required local tax effort. The district shall be entitled
12 to allotments for increment units only on the basis of the amount
13 by which the locally raised revenue for the pre-fiscal year
14 exceeds the required local tax effort for that pre-fiscal year.

15 b. Grants for increment units shall be made on parts of
16 an increment unit in the proportion that the part is to a whole
17 increment unit, figured to the nearest one per cent. No grant
18 shall be made for more than two increment units.

19 c. No funds shall be allotted under this section until the
20 fiscal year beginning July 1, 1964.

21 Sec. 1.09. PUBLIC SCHOOL FOUNDATION ACCOUNT. a. There is
22 hereby established the public school foundation account consist-
23 ing of appropriations for distribution to districts in accordance
24 with the provisions of this Act.

25 b. The monies of the public school foundation account shall
26 be used only in aid of public schools as provided by this Act.

27 c. Any monies in the public school foundation account which
28 are not allocated, as provided in this Act, prior to the end of
29 the fiscal year for which appropriated shall revert to the

1 general fund.

2 ARTICLE II

3 PREPARATION OF PUBLIC SCHOOL FOUNDATION BUDGET

4 Sec. 2.01. COMPUTATION BY DISTRICT. By October 30 of the
5 pre-fiscal year each district shall submit to the commissioner
6 its computations, for the following fiscal year, of the district's
7 basic need as defined by Sec. 1.02; its required local effort as
8 defined by Sec. 1.07; the amount of state aid to which the dis-
9 trict would be entitled under Sec. 1.03; and the amount of sup-
10 plemental allotments to which the district is entitled under
11 Sec. 1.08 of this Act. Each district shall make the computations
12 in the manner prescribed in this Article. Such computations shall
13 serve as the basis for requesting legislative appropriations, and
14 for preliminary payments under the public school foundation
15 program.

16 Sec. 2.02. ESTIMATED AVERAGE DAILY MEMBERSHIP. Each
17 district shall prepare an estimate of its average daily member-
18 ship for the fiscal year. In making this estimate the district
19 shall take into consideration its average daily membership in
20 preceding years, the pattern of growth or decline in preceding
21 years, and any other pertinent information available to the
22 district. The result of this estimate shall be known as the
23 "estimated average daily membership."

24 Sec. 2.03. COMPUTATION OF TEACHERS' SALARY ALLOTMENT. a.
25 In computing the teachers' salary allotment, the district shall
26 first determine:

27 (1) the number of teachers which it will be allowed for
28 the fiscal year under the schedule of allowable number of teachers
29 set forth in Sec. 1.04c; provided, that the average daily member-

1 ship figure to be used in that schedule is the "estimated average
2 daily membership" as defined by Sec. 2.02; and

3 (2) the number of teachers which it plans to hire for
4 the fiscal year.

5 b. The district shall use the lower number of teachers
6 computed under paragraphs (1) and (2) of Subsec. a. as the
7 "allowable number of teachers" in computing the teachers' salary
8 allotment under the provisions of Sec. 1.04.

9 Sec. 2.04. COMPUTATION OF AVERAGE DAILY MEMBERSHIP ALLOT-
10 MENT. The average daily membership allotment of each district
11 shall be computed as required by Sec. 1.05 except that the
12 "estimated average daily membership" as defined by Sec. 2.02,
13 shall be used in place of "average daily membership."

14 Sec. 2.05. COMPUTATION OF ATTENDANCE CENTER ALLOTMENT. The
15 attendance center allotment for each district shall be computed
16 by using the number of attendance centers which are or will be in
17 operation by the end of the pre-fiscal year.

18 Sec. 2.06. COMPUTATION OF REQUIRED LOCAL EFFORT. a. In
19 computing the required local tax effort, the district shall use
20 the "full and true value of the taxable real and personal property
21 within the district" as determined by the Local Affairs Agency.
22 Once the local tax effort is correctly computed it shall be the
23 final figure in satisfaction of Sec. 1.07b. and it shall not be
24 recomputed during the fiscal year.

25 b. The district shall estimate the amount of Public Law
26 874 monies it will receive in the pre-fiscal year and one-half of
27 the estimate of monies to be received shall be included in the
28 total sum of required local effort as provided by Sec. 1.07a.
29 This figure shall be adjusted at a later time but before final

1 accounting for the fiscal year, to reflect one-half of the Public
2 Law 874 monies actually paid or credited to the district during
3 the pre-fiscal year.

4 Sec. 2.07. DETERMINATION OF FULL AND TRUE VALUE BY LOCAL
5 AFFAIRS AGENCY. The Local Affairs Agency, in consultation with
6 the assessor for each district, shall determine the full and
7 true value of the taxable real and personal property within each
8 district. If there is no local assessor or current local asses-
9 ment for a district then the Local Affairs Agency shall make the
10 determination of full and true value from such information as is
11 available. In making the determination the Local Affairs Agency
12 shall be guided by Sec. 11, Ch. 174, SLA 1957. The determination
13 of full and true value shall be made on or before September 15
14 and sent by registered mail on or before that date to the presi-
15 dent of the school board in each district. Duplicate copies
16 shall be sent to the commissioner. The district may obtain
17 judicial review of the determination by filing a motion in the
18 superior court of the judicial district in which the district
19 is located within 10 days after receipt of the determination.
20 The superior court may modify the determination of the Local
21 Affairs Agency only upon a finding of abuse of discretion or
22 upon a finding that there is no substantial evidence to support
23 the determination.

24 Sec. 2.08. COMPUTATION OF SUPPLEMENTAL ALLOTMENTS. In
25 computing the amount of supplemental allotments to which it is
26 entitled, each district shall use the full and true value of
27 taxable real and personal property within the district as
28 determined by the Local Affairs Agency.

29 Sec. 2.09. DUTY OF COMMISSIONER TO EXAMINE AND TABULATE

1 COMPUTATIONS. a. The commissioner shall examine the allotment
2 computations submitted by each district to determine that they
3 are correctly computed. If the allotments are incorrectly com-
4 puted, the commissioner shall either obtain a correct computation
5 from the district, or make a correct computation based on informa-
6 tion available to him, with notice of the corrected computation
7 being given to the district.

8 b. The commissioner shall reduce these computations to a
9 report in tabular form or such other form as will assist in
10 examining the computations of the districts and shall transmit
11 the report to the governor. The commissioner shall maintain
12 additional copies of this report in his office as a matter of
13 public record. This report shall be entitled "Public School
14 Foundation Program Computations."

15 ARTICLE III

16 PROCEDURE FOR PAYMENT OF PUBLIC SCHOOL

17 FOUNDATION FUNDS TO DISTRICTS

18 Sec. 3.01. ALLOCATION OF FUNDS ON PRELIMINARY COMPUTATIONS.

19 The commissioner shall determine on or before June 15 of each
20 year the amount of state aid to which each district is entitled
21 on the basis of the pre-fiscal year computations. Beginning
22 July 15 of the fiscal year and on the fifteenth of each month
23 thereafter, for seven successive months, one-twelfth of each dis-
24 trict's state aid entitlement shall be distributed.

25 Sec. 3.02. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each
26 district shall make a report at the end of the first nine weeks
27 of school, which shall contain a new estimate of its average
28 daily membership for the fiscal year and any other information
29 which will aid the commissioner in making a more accurate

1 determination of the amount of state aid to which the district
2 is entitled. The commissioner shall, on the basis of this new
3 estimate and information, make a recomputation of the total amount
4 of state aid to which each district is entitled. On or before
5 December 1, the commissioner shall notify each district of any
6 changes made in its entitlement to state aid. The commissioner
7 shall also determine at that time whether the monies in the
8 public school foundation account are sufficient to meet the obli-
9 gations for the fiscal year, and if such monies are not suffi-
10 cient, he shall immediately inform the governor of the amount of
11 additional appropriation he estimates will be necessary to carry
12 out the public school foundation program for the rest of the fis-
13 cal year. Beginning January 15 and on the fifteenth of each
14 month thereafter, each district's recomputed entitlement shall be
15 distributed in five equal installments, provided that one-half of
16 the June payment shall be withheld pending a final determination
17 of the district's state aid entitlement.

18 Sec. 3.03. PAYMENT UNDER FINAL COMPUTATION. On or before
19 June 15, each district shall transmit to the commissioner a
20 final computation of the state aid to which the district is
21 entitled. The commissioner shall process each district's com-
22 putation in the manner provided by Sec. 2.09a. Any monies owing
23 to a district shall be obligated by the commissioner prior to
24 June 30. If the district received more monies than its state
25 aid entitlement, it shall immediately, after notice from the
26 commissioner of such overpayment, remit the amount of overpayment
27 to the commissioner to be returned to the public school founda-
28 tion account.

29 Sec. 3.04. PAYMENT OF SUPPLEMENTAL ALLOTMENT. On or before

1 July 15, each district shall transmit to the commissioner final
2 computations of the amount to which it is entitled in the current
3 fiscal year for supplemental allotments under Sec. 1.08 of this
4 Act. The commissioner shall process each district's computation
5 in the manner provided in Sec. 2.09a. of this Act. Beginning
6 August 15 and on the fifteenth of the three successive months
7 thereafter, each district's supplemental allotment shall be
8 distributed in four equal installments.

9 Sec. 3.05. RESTRICTIONS GOVERNING RECEIPT AND EXPENDITURE
10 OF MONIES FROM PUBLIC SCHOOL FOUNDATION ACCOUNT. a. The public
11 school foundation monies distributed to any district during any
12 year, together with the monies acquired from local effort, shall
13 be received, held, and expended by the district school board
14 subject to the provisions of law and regulations of the State
15 Board of Education.

16 b. Each district shall maintain financial records of the
17 receipt and disbursement of public school foundation monies and
18 monies acquired from local effort. The records shall be in
19 such form as the State Board of Education shall prescribe by
20 regulation and shall be subject to audit by the commissioner
21 or the State Board of Education at any time.

22 c. The teachers' salary allotment for each district from
23 the public school foundation account shall be used only to pay
24 the salaries of teachers holding properly authorized certificates.

25 ARTICLE IV

26 GENERAL PROVISIONS

27 Sec. 4.01. REGULATIONS. The commissioner is authorized to
28 promulgate regulations to implement this Act.

29 Sec. 4.02. DEFINITIONS. As used in this Act, unless the

1 context otherwise requires:

2 (1) "Average daily membership" means the aggregate
3 days of membership of pupils divided by the actual number of days
4 the school is in session for the year.

5 (2) "Commissioner" means the Commissioner of the
6 Department of Education for the State of Alaska.

7 (3) "District" means any independent, incorporated,
8 city or borough school district, but does not include state
9 rural schools.

10 (4) "Elementary school" means a school consisting of
11 grades one through eight, or any appropriate combination of
12 grades within this range.

13 (5) "Fiscal year" means the year, beginning on July 1
14 and ending on June 30, for which allotments and entitlements are
15 computed or distributed.

16 (6) "Pre-fiscal year" means the year immediately
17 prior to the fiscal year.

18 (7) "Public Law 874 monies" means federal funds
19 allowed school districts as provided in Public Law 874 of the
20 81st Congress, as amended, 20 U.S.C., Ch. 13.

21 (8) "Public school foundation account" means the
22 account created by Sec. 1.09 of this Act for use in financing
23 education in public elementary and secondary schools.

24 (9) "Secondary school" means a school consisting of
25 grades seven through twelve, or any appropriate combination of
26 grades within this range. When grades seven through eight, nine
27 or ten are organized separately as a junior high school, or
28 grades ten through twelve are organized separately as a senior
29 high school and are conducted in separate school plant facilities

1 each shall be considered a separate secondary school for the
2 purposes of this Act.

3 (10) "State minimum salary schedule" means the minimum
4 salaries required by Secs. 37-6-1, 37-6-2 and 37-6-3, ACLA 1949,
5 as last repealed and re-enacted by Ch. 51, SLA 1961, and as
6 further amended or repealed and re-enacted.

7 (11) "Teacher" means any regular or special teacher,
8 principal, supervisor, superintendent, librarian, director of
9 pupil personnel, or other member of the teaching or professional
10 staff engaged in the service of a public elementary or secondary
11 school for whom certification is required as a condition of
12 employment.

13 ARTICLE V

14 FORMAL PROVISIONS

15 Sec. 5.01. REPEALER. The following acts are repealed; pro-
16 vided that they shall remain in effect only for the purpose of
17 governing the disbursement and use of appropriations made for the
18 support of schools prior to or in the fiscal year beginning July
19 1, 1962 and ending June 30, 1963, and only as long as necessary
20 for that purpose.

21 Sec. 37-3-61 as amended by Ch. 49, SLA 1955.

22 Sec. 37-3-62 as amended by Ch. 77, SLA 1951, Ch. 68, SLA
23 1953 and Ch. 49, SLA 1955.

24 Sec. 37-3-63 as amended by Ch. 77, SLA 1951, Ch. 49, SLA
25 1955 and Ch. 129, SLA 1960.

26 Sec. 37-3-64, ACLA 1949, as amended by Ch. 68, SLA 1953.

27 Sec. 37-3-66, ACLA 1949, as amended by Ch. 77, SLA 1951
28 and Ch. 49, SLA 1955.

29 Sec. 5, Ch. 77, SLA 1951 as amended by Ch. 49, SLA 1955.

1 Sec. 6, Ch. 49, SLA 1955 as amended by Ch. 129, SLA 1960.
2 Sec. 5.02. Paragraph (d), Subsec. (12), Sec. 37-2-8, ACLA
3 1949, as added by Ch. 72, SLA 1951, and amended by Ch. 88, SLA
4 1957, is repealed and re-enacted to read:

5 (d) The state shall provide the following financial
6 assistance to school districts formed pursuant to this Act:

7 (1) For the first fiscal year of operation
8 commencing on July 1 following the March 1 on which notifi-
9 cation of intent to discontinue operation is given, the
10 state shall continue to consider the schools within the
11 newly formed district as state schools for purposes of
12 financial support.

13 (2) For the second fiscal year of operation and
14 each fiscal year thereafter, the state shall disburse to the
15 district only those monies to which the district is entitled
16 under the public school foundation program.

17 Sec. 5.03. STATE AID TO NEWLY ESTABLISHED DISTRICT SCHOOLS.

18 a. Whenever a state school becomes a district school, the school
19 shall continue to be considered a state school for purposes of
20 financial support until the expiration of a complete fiscal year
21 following the date on which the school becomes a district school.
22 This subsection does not prevent a local government from expend-
23 ing monies to contribute to the financial support of a state
24 school which becomes a district school.

25 b. For each fiscal year thereafter, the state shall disburse
26 to the district only those monies to which the district is en-
27 titled under the public school foundation program.

28 c. For the purposes of this section:

29 (1) "State school" means a school presently operated

1 by the State Department of Education and entirely financed by
2 state monies, and

3 (2) "District school" means any school which comes
4 under the jurisdiction of a district as that term is defined in
5 this Act.

6 Sec. 5.04. REPEALER. Ch. 90, SLA 1960 as amended by Ch.
7 36, SLA 1961 is repealed.

8 Sec. 5.05. TRANSITION. This Act shall serve as the basis
9 for computing state aid to local districts, but no funds shall
10 be allocated under this Act prior to the fiscal year beginning
11 July 1, 1963.

12 Sec. 5.06. EFFECTIVE DATE. This Act takes effect July 1,
13 1962.

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